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Japan

Tokyo Not To Follow U.S. in Iran Sanctions

OW1205113095 Tokyo KYODO in English
1117 GMT 12 May 95

[FBIS Transcribed Text] Tokyo, May 12 KYODO — Japan will not follow the United States in imposing economic sanctions on Iran, a senior Foreign Ministry official said Friday [12 May].

Kensaku Hogen, director general of the Foreign Ministry's Middle Eastern and African Affairs Bureau, made the remark in reply to a question by an opposition lawmaker before a House of Representatives panel on foreign affairs.

U.S. President Bill Clinton on Monday issued an order banning U.S. trade and investment with Iran in protest against that nation's suspected nuclear weapon program and alleged support of international terrorism.

Hogen questioned allegations that Iran is attempting to develop atomic bombs, citing a report issued last December by the International Atomic Energy Agency which provided no evidence of an Iranian nuclear weapon program.

"We should fully respect this view," Hogen said in reference to the IAEA report.

Komura Blasts 'Inconsistent' U.S. Trade Policy

OW1205023295 Tokyo KYODO in English
0224 GMT 12 May 95

[FBIS Transcribed Text] Tokyo, May 12 KYODO — The nation's top economic planner Friday [12 May] blasted as "inconsistent" the new double-barreled U.S. trade policy of pushing for sanctions on Japanese products, while filing a complaint with the World Trade Organization (WTO).

"I find inconsistency in the U.S. stance of moving to slap unilateral sanctions on one hand, while saying they will raise this issue in full public view at the multilateral forum of the WTO on the other," said Economic Planning Agency Director General Masahiko Komura.

Komura told a news conference at his agency the announcement by U.S. Trade Representative Mickey Kantor in Washington could undermine the prestige of the United States in the global trading community.

"I am saddened at the announcement in view of (its impact on) the prestige of the U.S. as a superpower despite the fact the country has been perceived as a standard-bearer of the free trading system," he said.

His comments followed Wednesday's announcement Washington would publish in the next few days a list of Japanese products that could be hit with high punitive tariffs, while bringing Japan to the WTO tribunal to seek a ruling on the alleged policy of curbing foreign carmakers' access.

Komura noted the Japanese Government has its own share of the workload to live up to its international pledge to stimulate consumer spending and whittle down the trade surplus.

In this context, the EPA chief urged the electric and gas utilities industries, which have benefited from huge windfall foreign exchange gains due to the soaring yen, to lower fees to share the benefits of lower-priced imported oil and natural gas with consumers.

He also said all Japanese industries that have enjoyed windfall foreign exchange gains should cut their prices.

"I hope (the expected utilities rate cuts) will have an impact on other industries," he said.

Komura said he urged other cabinet ministers at their morning meeting to monitor whether their relevant industries would comply with government requests to hand over the benefits of the yen's appreciation to consumers.

He called attention anew to the ongoing investigation by government ministries and agencies into the degree of transfer to consumers of the benefits of foreign exchange gains.

His agency will compile and publish the results of the probe by the end of May, he said.

He said, however, even if the utilities industries decide to pass on the benefits of the yen's rise, it would be delayed until next January, when the enacted amendment on relevant laws governing the industries takes force.

MITI Official: Countersanctions Considered

OW1205075895 Tokyo KYODO in English
0744 GMT 12 May 95

[FBIS Transcribed Text] Washington, May 12 KYODO — Japan is considering retaliatory steps against the United States following the U.S. announcement of its decision to issue a sanctions list under Section 301 of a trade law, a high-ranking Japanese Government official said Friday [12 May].

The visiting official at the Ministry of International Trade and Industry (MITI) said on condition of anonymity the ministry is considering imposing tariffs on imports from the U.S. if Washington imposes punitive measures against imports from Japan.

The ministry has already had consultations with the Foreign and Finance Ministries and other related governmental bodies about possible retaliatory steps against Washington, he said.

Concerning which U.S. items to target for import tariffs, the official said the Japanese side will specify the items at the time the U.S. releases its sanctions list.

The MITI official said the ministry believes that continued bilateral trade talks between Japan and the U.S. under the World Trade Organization (WTO) will be insufficient for Japan to fully negotiate with the United States.

"To stop the possible one-sided sanctions from the U.S., it is inevitable Japan must take some kind of countermeasure," he said.

However, the official admitted he is unsure whether or not the Japanese Government will fully support retaliatory steps against U.S. imports, and noted there is still prudent belief that Japan should not confront the U.S. action in the wake of the failed auto and auto parts talks.

MITI Colleagues 'Puzzled' by Official's Remarks

OW1205115295 Tokyo KYODO in English
1137 GMT 12 May 95

[FBIS Transcribed Text] Tokyo, May 12 KYODO — A threat of Japanese countersanctions uttered by a top Tokyo trade bureaucrat in the United States left his colleagues puzzled Friday [12 May] back at the Ministry of International Trade and Industry (MITI).

Hours after the senior MITI official told reporters in Washington that Japan may retaliate with countertariffs against the sanctions the U.S. says it will soon spell out, MITI officials back in Tokyo said there was no change in MITI's intent to pursue the case "in accordance with international rules."

Some officials have said there are countersanctions that fall within global trade rules, but one MITI official said that for Japan, which has proclaimed the high road against "managed trade" in the auto case, to scrounge for loopholes is "too sneaky."

Some suggested it was a bluff while others interpreted it as an expression of determination not to cave in to the U.S.

A senior MITI official in Tokyo said he did not know the context of his colleague's remarks but that MITI has not changed its intention, stated by Minister Ryutaro Hashimoto, to "calmly" follow the rules of the World Trade Organization (WTO).

"We're not going to be street fighters," he said.

Another MITI source said it would be better for Japan "to show everyone where we've been hit on the cheek" to win support for Japan's contention that its auto market is not closed and that it is the fair player in the bilateral dispute.

The senior official in Tokyo repeated that Japan thinks the anticipated U.S. sanctions, invoked in the wake of the ruptured auto talks, violate WTO rules and that Tokyo finds it contradictory for Washington to announce sanction plans while is taking Japan to the WTO over allegedly unfair market restrictions.

MITI officials refuse even to describe the U.S. action as "sanctions" — bristling at the image of punishment for wrongdoing — instead calling them "unilateral measures."

But the senior MITI official in Tokyo said Japanese officials are as a matter of course considering what steps to take in response to the American moves.

A government source suggested the official in Washington was just trying to "show the will not to crack, regardless of what is done."

The official in Washington was quoted as saying MITI has already consulted with the Foreign and Finance Ministries about imposing retaliatory tariffs and would announce targeted items when the U.S. releases its own sanctions list, which the U.S. said will come in a few days.

But he reportedly acknowledged he was unsure whether the Japanese Government would fully support retaliation.

MITI, Auto Industry Pursue United Stand

OW1205114795 Tokyo NIHON KEIZAI SHIMBUN in Japanese 12 May 95 Morning Edition p 3

[Unattributed article: "Given the Bad Business Conditions, Industry Is Not About To Budge and Will Also Resist MITI's Leadership"]

[FBIS Translated Text] Japanese automakers have agreed to hold the line with the Ministry of International Trade and Industry [MITI] in fighting the U.S. Government's plan to announce a list of sanctions against Japan, and in filing a complaint with the World Trade Organization (WTO). Yutaka Kume, chairman of Nissan Motor Company, said: "MITI's position is rational, and should be praised."

These automakers are now pursuing the task of restructuring themselves and reducing their production costs, so consequently their overall purchasing capacities are on a downward trend. Such conditions inside their companies are compelling them to support the MITI position. But this unity of government and the private sector could turn out to be unexpectedly fragile once high tariffs are imposed on the luxury cars which are the dollar-earners for Japanese manufacturers.

"Never before has MITI been so strongly unified either internally or with the auto industry," asserted an executive of Nissan Motor Company. Before the Japan-U.S. auto talks began in May, the ministry's power trio — MITI Minister Ryutaro Hashimoto; Yoshihiro Sakamoto, deputy vice-minister for international trade and industry; and Osamu Watanabe, director of the ministry's Machinery and Information Industries Bureau — had reconfirmed the policy of "fighting the U.S. Government's irrational demand on the parts purchase plans tooth and nail." Shoichiro Toyoda, chairman of Toyota Motor Corporation, who is also chairman of the Federation of Economic Organizations of Japan [Keidanren], and MITI Minister Hashimoto had consulted with each other in advance and agreed on that position.

The reason why all the Japanese automakers agreed to reject the U.S. Government's demand for upscaling the auto parts purchase plans was because they believed the first voluntary plans on buying "$19 billions' worth of parts by 1994" presented in January 1992 at the time of President Bush's visit to Japan were something that "went against our will" to begin with (according to an executive of Toyota Motor Corporation). The automakers presented their voluntary plans at that time at the request of MITI, but eventually these plans came to be interpreted as a public pledge.

In March last year, five major automakers including Toyota and Nissan had to present new foreign-made parts purchase plans — with some companies setting 1995 as the final year of their plans, and some setting 1997 as the final year. This was also done at the request of MITI.

One reason why the Japanese automakers are tough this time is because of the change in business conditions. Almost all of the five major auto companies now have business plans underway to reduce their total costs for buying parts by 25 to 30 percent in the three years up to 1997. With the domestic market further maturing and passenger cars' prices falling further, the foremost task facing them is cost reduction. There could be merit in buying imported parts which are cheaper than before as a result of the yen's surge, but this should not be a reason for them having to buy more parts. The honest feeling of the industry is that "however hard we may study the numbers, we can never come up with numbers of such a magnitude that can convince the United States" (according to an executive of Honda Motor Company).

The U.S. Embassy in Japan insists that Toyota and Honda, which are increasing their production in North America — including Canada and Mexico — should "have room to upscale their purchases of parts." But according to the rules of bilateral nation-to-nation talks, the purchases from plants in local areas outside the United States are not regarded as purchases of foreign-made parts. Thus the U.S. position is logically contradictory.

At such companies as Nissan and Mazda Motor Corporation, which plan to dismiss thousands of employees each year over the next few years, the feeling is: "Even if sanctions are imposed, the sanctions will be in force only for a limited duration. It is better to accept the sanctions than to be forced to present absurd parts purchase plans every year and then to have a hard time trying to make ends meet" (to cite a Nissan executive).

Nonetheless, it is also true that there are delicate differences in feelings among the people in the auto industry which at a glance appears to be unified as solid as a rock. There is the possibility that if the sanctions list is found to contain non-auto industries, criticism of the auto industry by these other industries will grow.

Toyota, which sold 20,600 units of its luxury "LS400" [Lexus] (called Cersio in Japan) to the United States in 1994, is afraid that if 100-percent tax is imposed on this car, it will lose much of its sales appeal in the United States. Toyota people are wary, saying, "So, if dealers (selling Lexus cars) collapse, who will come to help them?" Toyota Motor Corporation is known for being independence-minded. It is intrinsically resistant to having MITI take the lead in business matters, as much as it is to allowing the U.S. Government to intervene in business matters.

One top Toyota leader said: "If we sustain a major blow in our earnings, we may see a need to do all we can to survive — (not by relying on the government but) by expanding production overseas and expanding imports."

Now with the Japanese automakers' international competitiveness in relative terms tending to be weakening as a result of the yen getting stronger, "the rock solid unity" appears to have a weakness which is dependent on how far reaching sanctions are.

Automakers Reluctant To Use Foreign Parts

OW1205011195 Tokyo SANKEI SHIMBUN in Japanese 9 May 95 Morning Edition p 8

[By Reiko Hayasaka]

[FBIS Translated Text] The issue of buying foreign auto parts was a focal point of discussions at negotiations on auto and auto parts in the ruptured Japan-U.S. framework talks. But Japanese auto makers, who are users of auto parts, are saying that foreign auto parts are "inconvenient to use." Because of this, the share of foreign auto parts in Japan is still very low.

Of the foreign auto parts used by auto makers, the amount spent on the purchase of U.S.-made parts is increasing every year. However, it is still small compared with that for domestic auto parts.

According to an annual securities report, Nissan Motor Co. purchased 2.6 trillion yen [Y] worth of materials. Of which, 820 million dollars, or Y82 billion at the rate of Y100 to the dollar, was spent on foreign auto parts. This is only about three percent of the entire amount. Mitsubishi Motors Corporation buys 260 million dollars (Y26 billion) worth of U.S.-made auto parts, which is only 1.6 percent of the Y1.6 trillion the company spends on the purchase of materials it needs.

Toyota says Japanese auto industries are publicly saying that they use "the best procurement method in the world," designed to buy the most inexpensive auto parts from all over the world. Arranging individual business meetings, the Japan Automobile Manufacturers Association is actively helping auto makers expand business with foreign parts makers.

It is said that from 15,000 to 100,000 parts are used in one car. But most of them are domestically produced.

Japanese auto makers consider delivery date the most critical issue. Most of Japanese auto makers operate under the "Kanban system," designed to efficiently produce cars by minimizing parts in stock as much as possible. Under this system, assembly lines become stagnant even if one part is missing. This was proven at the time of the Great Hanshin Earthquake when all production lines of Toyota stopped because it was difficult to obtain break parts from Sumitomo Electric Industries. Many auto makers have doubts about the increased use of foreign auto parts, saying: "We wonder if foreign auto parts makers will be able to meet our demands under Japan's Kanban system."

Moreover, the Japanese auto makers began to buckle down to the task of shortening the period of development for a new car. But foreign auto makers' development period is from 1.5 to two times as long as that of Japanese makers. The fact is that they are "too slow." Regarding the prices of foreign parts, it was pointed out that "they are not going down reflecting the appreciation of the yen, so the effect of the cost reduction is not yet enough."

The use of foreign parts is limited to such materials as steel, glass, and interior goods. As for parts directly related to performance and safety, including engine and breaks, the auto makers are saying that "generally speaking, Japanese parts are the best." (according to Nissan).

Moreover, domestic parts makers will lose jobs if the auto makers buy more foreign parts. In order to secure employment at home and for other reasons, the auto companies — which are at the top of the auto industry that is very diverse and involved in many economic areas — are unable to easily begin "expanding their use" of foreign parts.

Kono, Mondale on Auto Dispute, Mutual Ties

OW1105121695 Tokyo KYODO in English 1158 GMT 11 May 95

[FBIS Transcribed Text] Tokyo, May 11 KYODO — U.S. Ambassador Walter Mondale and Foreign Minister Yohei Kono agreed Thursday [11 May] that a trade dispute in auto and auto parts should not negatively influence overall bilateral relations, a Foreign Ministry official said.

The two reached the agreement in a 30-minute meeting at the Foreign Ministry in which Mondale briefed Kono on the U.S. decision to take retaliatory actions against Japan for its alleged refusal to open its automotive market.

Washington announced the decision "only reluctantly" after careful deliberation, Mondale was quoted as telling Kono, because the two nations were unable to reach an accord.

Kono said it is "regrettable" that the United States announced it will issue a sanctions list under Section 301 but added he hopes thorough discussions will be conducted at the newly launched World Trade Organization (WTO).

Kono described the row in the auto sector as "only one aspect" of Japan-U.S. Relations, while Mondale expressed hope that the issue would be resolved solely as a problem in the auto sector, the official said.

Mondale also told Kono that their countries are "important partners" in tackling such issues as the conclusion of the Uruguay Round of multilateral trade talks, the Asia-Pacific Economic Cooperation (APEC) forum, nuclear nonproliferation and environmental and social problems.

U.S. Embassy Source on Hope for Settlement

OW1205115195 Tokyo KYODO in English 1138 GMT 12 May 95

[FBIS Transcribed Text] Tokyo, May 12 KYODO — The United States still hopes to reach an auto and auto parts agreement with Japan prior to the Group of Seven (G-7) summit meeting to be held in mid-June in Halifax, Canada, an official at the U.S. Embassy in Tokyo said Friday [12 May].

The official said, on condition of anonymity, "the U.S. is interested in early agreement rather than in imposing sanctions against Japan for failure in the auto trade talks."

Washington announced Wednesday it will issue a list of sanctions against Japan under Section 301 of its trade law "in a few days."

However, the embassy official declined to comment on the content or timing of the sanctions announcement.

"If Japanese major auto manufacturers were to announce, for example, three- or four-year plans to purchase auto parts from the U.S., I believe the U.S. and Japan could solve the deadlocked trade dispute,' he said.y

Even if such companies cannot "eventually" attain their goals, the U.S. side will not hesitate to evaluate their efforts, he said, adding that the U.S. is not telling Japan to "buy more" but to "do more," the official said.

If Japan imports more U.S. cars, he said, "the Japanese consumer can enjoy more variety in their selection of autos and benefit from the probable price competition."

The big three U.S. automakers have started "seriously" assembling autos suited to Japanese tastes and the country's right-hand driving, and Japan's complicated auto dealership system should now be changed, he said.

He stressed that Japan should open up the market and introduce more transparency into its distribution system.

"I know there are lots of Japanese consumers who want to buy American products. But the distribution network in Japan has prevented the U.S. business community from directly approaching those consumers," he said.

Regarding possible action by Japan to take the auto trade talks to the World Trade Organization (WTO), he said he wonders how a third party could settle the bilateral trade talks, and added, "I feel that could be a waste of time."

LDP's Muto Interviewed on Auto Trade Dispute

OW1205101395 Tokyo SANKEI SHIMBUN in Japanese 11 May 95 Morning Edition p 3

[Interview with Kabun Muto, chairman of the General Council of the Liberal Democratic Party, by unidentified SANKEI SHIMBUN reporter; place and date not given; first paragraph is SANKEI SHIMBUN introduction]

[FBIS Translated Text] A SANKEI SHIMBUN reporter has interviewed Kabun Muto, chairman of the General Council of the ruling Liberal Democratic Party, who recently visited the United States, leading a delegation of the ruling parties, to ask him about the mood in the United States and prospects for Japan-U.S. auto negotiations.

[SANKEI SHIMBUN] The United States appears to have no effective measures to keep the dollar from falling against the Japanese yen and German mark. What is your comment?

[Muto] All American officials admitted that the current yen-dollar exchange rate does not reflect fundamentals. Few American officials spoke vigorously about how to deal with the current exchange rate between the yen and dollar.

While American officials said Japan must reduce its trade surplus with the United States and take pump-priming measures, we said the United States must cut its federal budget deficit, increase the savings rate, and hold down current interest rates.

[SANKEI SHIMBUN] Is the United States negative about bolstering the dollar's value against the yen and the mark because of the upcoming presidential election?

[Muto] Yes, I think so. The United States needs to pursue a tight fiscal policy if it is to cut the federal budget deficit. If the Clinton administration adopted such a policy, it would suffer a loss of popularity among Americans. The United States should take bold measures to cut the federal budget deficit for the sake of the world.

[SANKEI SHIMBUN] The United States has taken a tough stand on Japan over the auto issue. What do you think?

[Muto] U.S. Trade Representative Kantor and Vice President Gore have stuck to the auto issue. Kantor has said that if the auto issue is resolved, Japan's trade surplus with the United States would be reduced and the yen would stop appreciating. I cannot agree with his view.

[SANKEI SHIMBUN] Do you think Japan should make concessions to the United States regarding the auto issue?

[Mute] Japan needs reasons to make any concessions to the United States. But are Japan's reasons accepted by the rest of the world? This question remains unanswered. The Ministry of International Trade and Industry plans to take Japan's case to the World Trade Organization (WTO). If Japan files a complaint with the WTO against the U.S. case, this would create a serious rift between Tokyo and Washington. Japan should deal cautiously on the auto trade issue with the United States.

Preparations for WTO Appeal on Autos Examined

OW1205090195 Tokyo SANKEI SHIMBUN in Japanese 9 May 95 Morning Edition p 9

[Unattributed article]

[FBIS Translated Text] Following the collapse of the recent auto talks, the United States has decided to impose sanctions on Japan. In response to such moves, Tokyo has begun preparations for bringing the case to the World Trade Organization (WTO). This will be the first time for Japan to file a complaint against the United States since the inauguration of the GATT, the predecessor of the WTO. A trade dispute between the two largest trading countries in the world is about to be brought to the world trade watchdog. What is Japan expecting from the WTO?

In 5 May talks, International Trade and Industry Minister Ryutaro Hashimoto and U.S. Trade Representative Mickey Kantor failed to arrive at a compromise. At a news conference after this meeting, Hashimoto said: "I hope the two countries will leave the bilateral trade dispute up to multilateral negotiations so they will be able to reach an agreement that can be welcomed by other countries." In this way, he indicated that other countries would support Japan's assertions if auto issues were discussed in the WTO.

Renato Ruggiero, director general designate of the WTO, said: "As a principle, the trade dispute should be settled by the two countries." What he said is right. However, there was and is a system in the GATT and the WTO of settling trade disputes which cannot be solved in bilateral talks through multilateral discussion and in accordance with international trade rules. Japan has not fully used this system. In the past, it made use of it only twice when it filed complaints with the GATT against the European Union.

A Foreign Ministry source said: "During the GATT era, Japan continually rejected demands that it open its rice market to foreign countries. Because of this, Japan hesitated to complain about other countries' unfair trade practices." The issue concerning Japan's rice import restrictions was settled with the conclusion of the Uruguay round. The same source said: "If the issue had been brought to the GATT, the outcome was a forgone conclusion." As such, the rice issue was Japan's Achilles' heel.

The WTO was inaugurated only in January. Its procedures for settling trade disputes are quicker and further automated than the GATT's. This greatly enhances the trade body's ability to resolve disputes and makes it easier for member countries to file complaints. A division in charge of WTO affairs in the Ministry of International Trade and Industry's [MITI] Industrial Structure Council notes: "Countries expected to take the lead in creating a multilateral trade framework bear a basic responsibility to properly use the system of settling disputes. They should actively make use of it as needed." Since the inauguration of the WTO, the Foreign Ministry, and MITI, which have been annoyed by U.S. unilateral sanctions, have increasingly given importance to leaving trade issues up to multilateral negotiations.

When a trade dispute is brought to the WTO, the body goes through the following procedures: First, it asks countries concerned to hold 60-day bilateral negotiations. If no agreement is reached in the talks, the trade body demands the establishment of a panel, which is established almost automatically. After six months of discussions, the panel issues a report in which it reaches a decision on the dispute.

Normally, it takes 13.5 to 18 months for the WTO to pass judgment. In urgent cases, it takes nine to 13 months. However, there is no denying that the WTO is not fully prepared for dealing with trade disputes because it has not been long since its inauguration, and the trade body does not have a large enough budget or sufficient staff in its secretariat. Also, this is the first time for it to handle such a large trade dispute. Therefore, it is uncertain whether the WTO will be able to settle the feud as scheduled.

Concerning the timing of Japan bringing the case to the WTO, Tomio Tsutsumi, MITI administrative vice minister, said: "We would like to decide after the United States' move is known." However, as a strong countermeasure against the United States, the government is expected to bring the case before the WTO soon after U.S. President Bill Clinton announces specific sanctions measures.

Iwao Nakatani Discusses Auto Talks

OW1205051395 Tokyo MAINICHI SHIMBUN in Japanese 11 May 95 Morning Edition p 11

["Summary of remarks made by Iwao Nakatani, professor at Hitotsubashi University, in an interview with MAINICHI SHIMBUN"; place and date not given]

[FBIS Translated Text] I think the United States is acting so tough because the country has lost the sense of balance it used to have as a big power. Now, the positions of the Japanese and U.S. auto industries have been reversed, with Japan's auto industry in slump and the U.S. auto industry in upswing. Japan's imports of automobiles are growing, and, besides, the automobiles do not hold as important a position in overall trade as they once did. Despite such a change in the situation, the United States has continued pushing for demands it formed when the talks first started, and now it appears that the United States does not know how to put down its fist which it raised against Japan.

Japan's automobile makers are troubled, and most of them are not in a position to comply even if told to increase their parts-purchasing plans. Even looking from the global point of view, some of the U.S. demands are irrational.

Still, one must admit there is a gap between what the world thinks of the openness of the markets in Japan and what Japan thinks of the market condition it says it will "appeal to the World Trade Organization." If one thinks only about the issue of increasing parts-purchasing plans, one can reasonably see Japan saying "no." But if one gives more thought to the whole matter, he would come to wonder if that was really a smart answer.

The United States has accepted Japanese cars with open-mindedness, but its own auto makers have not been able to advance into the Japanese market easily because of keiretsu [business group] control and other reasons. In other words, there exists a gap between Japan and other countries in understanding the history of the previous 20 years.

Although Japan need not accept any demand which will result in setting numerical targets, it still needs to adopt and announce measures which are bold enough to convince the world that Japan is "positive in opening its markets." Merely saying "we have not done anything wrong" is not enough to win the understanding of the international community.

Tokyo, Washington Cooperate on Global Issues

OW1205005895 Tokyo KYODO in English 0028 GMT 12 May 95

[FBIS Transcribed Text] Washington, May 11 KYODO — Japan and the United States moved steadily forward Thursday [11 May] over cooperation in global issues such as the environment and population despite a mounting auto trade dispute.

Subcabinet-level officials from the two countries met in Washington for a one-day forum to address a wide range of global issues under a 1993 bilateral "framework" agreement.

"We are here to talk about good news" although attention tends to focus on "bad news" of the bilateral auto talks, Undersecretary of State for Global Affairs Timothy Wirth told an open panel discussion held to wrap up the one-day consultations.

Yoshihiro Sakamoto of Japan's Ministry of International Trade and Industry (MITI) said he was "impressed with the way Japan and the U.S. are trying to solve the issues that confront mankind."

The MITI vice minister for international affairs is also a senior negotiator in auto trade talks with Washington which collapsed last week, leading to the U.S. decision announced Wednesday to take strong action against Japan.

At the panel discussions, U.S. and Japanese officials presented their initiatives in some 20 areas in promoting the "common agenda for cooperation in global perspective" — one of three framework categories along with sectoral trade issues and macroeconomic issues.

The initiatives are "new, achievable and go beyond the U.S. and Japan" for global cooperation, said Wirth, who chaired the gathering.

The 20 areas cover population, aids, children's health, narcotics, environmental conservation, civil industrial technology and other global issues.

The two countries decided to shift the focus of the framework talks from the fractious trade sector to more global issues, following a meeting in Jakarta in mid-November between Japanese Prime Minister Tomiichi Murayama and U.S. President Bill Clinton.

Based on the leaders' discussion, Tokyo and Washington created the high-level panel to discuss the issues.

The panel will report its results to Murayama and Clinton during the group of seven summit in Halifax, Canada, in mid-June to sign an agreement to push forth bilateral cooperation.

UN Aid Organizations Reform Slated for Summit

OW1105131995 Tokyo KYODO in English
1242 GMT 11 May 95

[FBIS Transcribed Text] Tokyo, May 11 KYODO — The Group of Seven (G-7) summit to be held next month in Halifax, Canada, will deal with reforming UN Aid Organizations, as well as revising aid policies of the International Monetary Fund (IMF) and the World Bank, government sources said Thursday [11 May].

Economic talks at the summit will cover reforms and coordination of the UN Development Program (UNDP), the UN Conference on Trade and Development (UNCTAD), the Food and Agriculture Organization (FAO) and the office of the UN High commissioner for Refugees (UNHCR), the sources said.

Also on the agenda will be revisions in IMF and World Bank aid policies, with more stress on improving infrastructures in developing countries, the sources said.

In addition, the G-7 officials will discuss ways of strengthening cooperation between the IMF and the World Bank on the one hand, and UN Aid Organizations on the other, they said.

The G-7 summit held in Naples last year agreed to review policies of international organizations.

The G-7 groups Britain, Canada, France, Italy, Germany, Japan and the United States.

U.S.-DPRK Nuclear Talks Discussed

OW1105135895 Tokyo KYODO in English
1236 GMT 11 May 95

[FBIS Transcribed Text] Tokyo, May 11 KYODO — Japan, the United States and South Korea are studying how to respond to a North Korean letter to the U.S. on when and where to resume Pyongyang-Washington nuclear talks, a Foreign Ministry official said Thursday [11 May].

Japanese Foreign Ministry officials and U.S. Ambassador-at-large Robert Gallucci, a top U.S. negotiator with North Korea, discussed at the ministry the contents of the letter sent to Washington on Thursday morning, the official said.

The letter came as a response to a U.S. proposal made last week that bilateral high-level talks be held between Gallucci and North Korea's First Vice Foreign Minister Kang Sok-chu in mid-May in Geneva or another mutually acceptable location to settle the dispute over which country is to provide modern light-water reactors to the North, as stipulated in an agreement signed last year.

South Korea wants to provide its model to repl
the older graphite-moderated reactors in the North,
Pyongyang has refused to accept the offer.

Gallucci, who flew into Japan from Seoul earlier in
day, did not disclose contents of the letter from N
Korea's First Vice Foreign Minister Kang but said
"response did not settle the issue of venue and timin

"That's still to be determined," he said.

Gallucci and the officials reconfirmed the importa
of maintaining close consultations among Washingt
Tokyo, and Seoul on the North Korean nuclear probl

Meanwhile, South Korea's YONHAP NEWS AGEN
reported Thursday that North Korea has proposed h
ing a lower-level meeting with the U.S. in Beijing
resolve an impasse over which reactor model will
supplied to North Korea.

YONHAP, quoting an unnamed high-ranking offic
said the talks may be held between U.S. Dep
Assistant Secretary of State Thomas Hubbard and
Foreign Ministry's roving Ambassador Kim Kye-g
[name as received] from the North.

Seoul agreed to Pyongyang's offer to lower the leve
talks and hold them in Beijing, it said.

Meanwhile, Gallucci held a breakfast meeting
South Korean Foreign Minister Hong Sun-yong
reviewed what was discussed in Wednesday's mee
among the U.S., Japan and South Korea.

At the meeting, the three nations reconfirmed that S
Korea must be given a central role in replacing N
Korea's graphite- moderated nuclear reactors, forgi
united stance to counter the North's rejection of S
Korea as the primary supplier of reactors.

Strong Yen Squeezes Asia Debt Burden

OW1105083595 Tokyo KYODO in English
0817 GMT 11 May 95

[FBIS Transcribed Text] Hong Kong, may 11 KYO
— The yen's recent rapid gain against the dolla
prompting Asian countries to reduce holdings of
U.S. currency as a way to ease repayments of yen lo

The strong yen is also affecting the livelihood of A
countries by putting inflationary pressure on impo
products.

Asian economies, squeezed by the increased burde
yen loan repayments in the past several years, h
begun to take action to defend themselves, follow
the latest yen surge that culminated in the April 19

below 80 yen to the dollar, financial market sources said.

Central banks of major Asian countries remain tight-lipped but market players in such countries as China, Indonesia and Taiwan said they have detected the banks' move to significantly unload dollar reserves.

Asian nations appear set to cut dollar holdings to 50 to 60 percent of their total foreign currency-denominated assets from the current 70 to 80 percent, said an official at a Hong Kong bank.

Recently, Hong Kong newspapers quoted Chinese government officials as repeatedly saying that China is struggling as repayments of yen loans have swelled due to the strong yen.

The officials were quoted as saying China's dollar-denominated currency reserves have recently fallen by 10 billion dollars.

The remarks were taken to indicate that Beijing is trying to convince Japan of the need to ease terms of China-bound yen loans by emphasizing the severity of the repayment burden.

Meeting with Japanese Prime Minister Tomiichi Murayama earlier this month, Chinese premier Li Peng expressed the hope Japan will seriously consider relaxing repayment conditions for his country.

China is not alone. Malaysian Prime Minister Mahathir Mohamad, apparently trying to avoid further repayment burdens, said his country will not seek fresh yen loans.

But Japan does not appear impressed by the moves of these Asian countries.

During the latest general meeting of the Asian Development Bank (ADB) in Auckland, Japanese Finance Minister Masayoshi Takemura said Tokyo has no plans to change yen-loan terms according to fluctuations in currency rates.

Under the latest phase of yen gains, the Hong Kong dollar briefly depreciated against the Japanese currency by nearly 20 percent.

Other Asian currencies like Thailand's baht and the new Taiwan dollar also fell significantly against the yen.

Such a trend is severely cutting into earnings of Japanese manufacturers that operate in these Asian nations, which heavily rely on imports from Japan for component procurements.

Proton Berhad, a Malaysian automaker partly owned by Japan's Mitsubishi Motors Corp., will shortly raise prices of automobiles by 7 percent as a way to offset a hike in Japanese-originated parts prices under the strong yen.

Fears of a rise in consumer prices are growing in Thailand, too. Thai Prime Minister Chuan Likphai said the strong yen is likely to affect consumers beyond the April-June quarter.

Not everyone, however, is pessimistic about the situation.

Elley Mao, the principal economist of the Hong Kong government, cited positive aspects of the strong yen, saying the present currency situation may provide Asian manufacturers with opportunities to strengthen their export competitiveness against Japan.

Proton of Malaysia, for example, has shifted to domestic parts suppliers for assembly of car engines.

At present, the automaker's local content ratio for engine parts stands at 65 percent. Previously, it relied on Japan for 100 percent of such parts.

Indonesia Seeks Relief on Yen Loan Burden

OW1105115795 Tokyo KYODO in English
1057 GMT 11 May 95

[FBIS Transcribed Text] Tokyo, May 11 KYODO — A senior Indonesia official Thursday [11 May] called on Japan to take steps to ease Jakarta's repayment burden of yen loans, which has increased due to the strong yen, Finance Ministry officials said.

Widjojo Nitisasiro, economic adviser to President Suharto, made the appeal during a courtesy call on Finance Minister Masayoshi Takemura, the officials said.

Widjojo made no specific request, merely saying that calls for rescheduling or reductions in yen loans are "counterproductive," they said.

Widjojo told Takemura that the yen's appreciation may benefit Indonesia by boosting investment in Japanese-affiliated companies and its exports to Japan but it will take time, they said.

While showing understanding over Indonesia's concern, Takemura said it is difficult for Japan to take action to relieve recipients of yen loans from currency risks, they said.

Takemura was quoted as saying the loans are long-term preferential debts and the currency's value will naturally rise and fall in the meantime, they said.

Takemura told Widjojo that he expects the yen's value to return to the normal level, saying the Group of Seven (G-7) major industrial nations have agreed on an orderly reversal of recent foreign exchange movements, they said.

Lower Interest Rates on Yen Loans Considered

OW1205075595 Tokyo KYODO in English 0723 GMT 12 May 95

[FBIS Transcribed Text] Tokyo, May 12 KYODO — Japan is studying the possibility of lowering interest rates on yen credits to developing nations to help ease their repayment burdens, government sources said Friday [12 May].

The yen credit is the main pillar of Japan's Official Development Assistance (ODA) to developing nations.

Calls from developing nations for interest rate cuts to ease their repayment burdens following the yen's sharp appreciation since April have prompted the government to launch the study, the sources said.

Japan sets interest rates on development aid in a range from 1.0 percent to 5.0 percent in proportion to the gross national product of recipient nations.

The sources said interest rates on loans defrayed from the government's loans and investment program, which serve as the benchmark for interest rates on foreign aid loans, have dropped to the 4.0 percent level in the latter part of fiscal 1994 from about 7.0 percent for the latter half of fiscal 1990.

The government-funded Export-Import Bank of Japan lowered the interest rate on untied loans to 3.85 percent earlier this month, causing the foreign ministry to seek rate cuts for development loans, the sources said.

Takemura Welcomes Yen Drop Against Dollar

OW1205021295 Tokyo KYODO in English 0203 GMT 12 May 95

[FBIS Transcribed Text] Tokyo, May 12 KYODO — Finance Minister Masayoshi Takemura on Friday [12 May] welcomed the yen's drop against the dollar on foreign exchange dealings.

Takemura said at a news conference after a regular cabinet meeting, "it is desirable that (the dollar-yen) exchange rate is heading toward reversal" as agreed by the Group of Seven industrialized nations at a Washington meeting in late April.

The dollar is climbing to the upper half of the 85 yen level early Friday in Tokyo dealings from the previous day's level around the 84 yen line.

Regarding calls among the industrial sector for a target to reduce the trade surplus, Takemura said in his opinion the government should discuss medium-term prospects for a surplus cut.

"I think we might as well have an idea as to the prospects, although it's hard to set a governmental target," Takemura said.

Takemura noted the government's annual economic outlook has already started to show prospects of the percentage of the current account surplus to the gross domestic product for the coming year.

As for growing foreign concern over increasing yen loan payments amid the yen's most recent surge, Takemura said Japan cannot change the already fixed terms of the yen-denominated debt according to foreign exchange fluctuations.

Takemura indicated, however, that Japan is considering offering easier terms for future yen loans.

"We will seriously listen to each recipient nation's views in individual negotiations for additional loans in the future," Takemura said.

EPA: Strong Yen Remains Concern for Economy

OW1205002195 Tokyo KYODO in English 2337 GMT 11 May 95

[FBIS Transcribed Text] Tokyo, May 12 KYODO — The strong yen continues to cast a shadow over the Japanese economy, which is on a fragile recovery course, the Economic Planning Agency (EPA) said Friday [12 May] in a monthly economic report for May.

The agency did not change its overall judgment of the current economic situation as "on a gentle recovery trend" but added the recent sharp rises in the yen's exchange value pose "fears of adverse effects on the economy" in the future.

The wording of the judgment was unchanged from the previous month, when it mentioned the high-yen effects for the first time in the current recovery phase which started last September.

The yen's value against the U.S. dollar strengthened from 96 yen to 89 yen during March and further appreciated to around 80 yen in mid-April before calming down slightly to the current level of about 83 yen.

In May, among major economic indicators, a worrying sign is weakening corporate confidence, particularly among small and midsize companies, said the EPA.

In addition to those in the nonmanufacturing sector who have been pessimistic for sometime long, smaller companies in the manufacturing sector showed less confidence in the most recent survey, the agency said.

On personal consumption, though generally recovering, household spending, sales at department stores and new car registrations also appeared weaker.

Housing construction, which remains at a high level in general, registered a slip in the area of houses for sale in March for the first time in 23 months, the agency said.

On the plus side, it cited industrial output, which in March marked a straight two-month rise for the first time during the recovery phase.

Such output is likely to show moderate increases in coming months as well, according to projections by corporations, said the EPA.

Corporate capital spending has bottomed out, with that in the January-March period registering a bigger-than-expected rise over the previous quarter, the agency said.

Panel Opposes Tax Hike To Cover Quake Bonds

OW1205100695 Tokyo KYODO in English
0940 GMT 12 May 95

[FBIS Transcribed Text] Tokyo, May 12 KYODO — Most members of the Tax Commission oppose hiking taxes as a source of redemption funds for deficit-covering bonds to help finance the reconstruction of areas hit by the Jan. 17 earthquake, the head of the commission said Friday [12 May].

Kan Kato, chairman of the advisory body to the Prime Minister, said at a press conference, "I cannot agree with the idea of supplementing redemption funds for quake-related deficit-financing bonds by raising taxes under tax system reform for fiscal 1996."

"That is the general view among commission members," Kato said.

Kato said there is no need to hurry the repayment of such deficit-covering bonds issued in extraordinary budgets for the quake.

The government plans to issue a total of some 1.4 trillion yen in deficit-covering bonds in a second fiscal 1994 supplementary budget and an extra budget for fiscal 1995, mainly to finance the quake-related rehabilitation measures without specifying redemption funds beforehand.

The government can wait until the reconstruction is completed before paying back the deficit bonds, Kato said.

Kato then urged the government to resolutely carry out administrative reform to reduce government expenditures, saying, "the rationalization of publicly funded corporations remains unsatisfactory."

The government should not raise the consumption tax before realizing administrative overhaul, he said. The government has decided to raise the consumption tax rate, currently at 3 percent, to 5 percent from April 1997.

The commission resumed discussion on medium-term tax system reform, focusing on taxation on assets and social security, Kato said.

Full-scale deliberations will start during a plenary session after this autumn to come up with a set of recommendations by the fall of next year, he said.

Financial System Research Panel Urges Reforms

OW1205052695 Tokyo YOMIURI SHIMBUN in Japanese 11 May 95 Morning Edition p 6

[FBIS Translated Text] The Financial System Research Committee [FSRC] (chaired by Satoshi Sumida), an advisory body to the finance minister, will soon release a report on financial institutions in the 21th century. On 9 May details of the report were revealed. The report encourages realignment of financial institutions whose management foundation is weak, saying, "An appropriate amount of funds and capital are important" to ensure stable and smooth business performance. Regarding derivatives trading, which has become a social problem in proportion to the sharp rise in the volume of trading, the report makes several drastic proposals. For example, it urges that competent authorities devise a guideline for crisis management, and that financial organizations be required to disclose necessary information.

The report, entitled "Handling of New Developments in Financial Intermediary Functions" aims to build a new financial system that can deal with diverse needs of the economic society. After predicting the financial situation in the 21th century, it discusses the question of how financial organizations should change. In the beginning, the report proposes that the banking institutions get rid of bad debts, "negative inheritances from the past," as early as possible. It then expresses its recognition that it is important for financial organizations to change their attitude of attaching excessive importance to security to do businesses by conducting an appropriate assessment of risks.

With regard to financing, the main service in the past, the FSRC seriously warns that "a sharp increase in quantity and the fair margin of profits are hardly expected." However, at the same time, it points out that "new business opportunities are emerging" in the following sectors: Derivatives dealings, stock-related services, securitization, and management consultation. Thus, the panel reveals the view that expansion and diversification of services are essential to management of banking institutions.

As many companies have incurred huge losses in proportion to a rapid increase in derivatives trading, risk management is of urgent necessity. After favorably evaluating derivatives dealings as "beneficial trading to the national economy," the report notes improving the risk management system is an urgent task. In particular, it urges that the administrative authorities formulate a risk management guideline, and review the audit system to maintain sound management. In addition, it calls for partial abolition of regulations on individual derivatives products.

The panel proposes that each institution itself make efforts and take measures to strengthen its international competitiveness, while urging the administrative organizations to continuously review the present financial system to check whether or not the current system restricts the financial institutions' efforts.

Recent bankruptcies of two credit unions in Tokyo have created a controversy over local financial institutions. The panel suggests that local banking institutions cooperate with each other in providing services, and utilize agencies to reduce business costs.

The report clearly states the need for lifting a ban on issuing asset back securities (ABS) to achieve sound management of financial institutions, and to promote "securitization" which will expand investment opportunities.

Effectiveness of FY95 Extra Budget Draft Viewed

OW1205113195 Tokyo NIHON KEIZAI SHIMBUN in Japanese Morning Edition 11 May 95 p5

[FBIS Translated Text] It remains uncertain whether the proposed first FY 95 supplementary budget will be effective in dealing with the appreciation of the yen.

Looking at the list of appropriations, the main items actually consist of reconstruction and rehabilitation work for the great Hanshin earthquake, and measures for the increased yen add up to less than 500 billion yen. Budget allocations for the so-called "new sectors," such as science and technology and telecommunications, are hardly dramatic. Utilization of deficit-covering bonds, which the ruling coalition parties advertised as the "centerpiece" of the budget, is mainly meant to cover the shortfall in revenue income or the cleanup of wreckage left over by the earthquake. While the decision to resort to bonds was made despite the possibility of further aggravating the fiscal deficit, appropriations from this source do not seem to be earthshaking.

"No one believes that the mobilization of fiscal resources will be effective in stopping the yen's rise." — This was what the Finance Ministry had been saying until the government's emergency economic measures to deal with the yen's rise was announced on 14 April. The economic package included the passage: "The first supplementary budget may well entail the issuance of deficit- covering bonds," at the request of the ruling parties. Nevertheless, it was very clear that even at the time when it was recognized that mobilization of fiscal resources would have to be the backbone of the economic package, the government and the ruling parties were already quite helpless. This helplessness is faithfully reflected in the inadequacy of the draft first supplementary budget.

The ruling parties knew that mobilization of fiscal resources mainly by routine increases in public work projects, such as road and bridge building, would not be effective. Realizing that the development of science and technology and telecommunications had been neglected in the past, they came up with the policy of giving priority to sectors which will create new industries and employment opportunities in the future. However, beyond that, they left things to the bureaucracy. While they claimed "the ruling parties will compile a list of demands to present to the Finance Ministry," no concrete steps were taken in this respect.

Priority appropriations for the new budget sectors can hardly claim to have any impact on the reform of the economic structure, partly because budget compilation for this was made in less than a month, from the time the ruling parties' decision was made to the cabinet approval on 10 May.

A closer behind-the-scenes look at the coordination within the government and the ruling parties shows that additional appropriations for the "new sectors" were balanced by a discreet increase in general public work projects in the name of antidisaster measures out of fear of protests from the "zoku-giin [Diet members lobbying for special interests]" who are sensitive about any "negligence" of public work projects. The budget compilation was, above all, conducted in a manner that would not threaten the existing order of priorities of budget allocation.

The list of expenditures to be funded by the issuance of deficit-covering bonds shows that only about 70 billion yen will go for research and development and for the purchase of computers and other equipment for research institutes despite the ruling parties' great fanfare about appropriations for the "new sectors." Most of the funds in this category will actually go to covering the shortfall in revenue income and quake wreckage cleanup. It seems that the government cannot fully deny the accusation that its claim that "accepting the issuance of deficit-covering bonds as a revenue source to stimulate domestic demand is very significant" (Director General Masahiko Komura, 14 April) is deceptive.

Second Supplemental Budget Plan Discussed

OW1205045895 Tokyo TOKYO SHIMBUN in Japanese 10 May 95 Morning Edition p 3

[FBIS Translated Text] A delegation of the ruling coalition parties has conveyed to the U.S. Government the intention of setting the second 1995 supplementary budget at about 10 trillion yen [Y], it was learned on 9 May. The second supplementary budget bill is expected to be formulated in the fall.

Kabun Muto, chairman of the Liberal Democratic Party's [LDP] General Council, who led the delegation, disclosed this while reporting to the ruling parties' policy coordination conference on the results of the visit to the United States. With the first supplementary budget plan only about to be completed now, there have been no discussions on the second supplementary budget within the ruling parties. As such, the government is now concerned about this, saying, "We are in trouble if the United States takes this as a commitment."

The ruling parties' delegation visited Washington and New York during the Japanese holiday season and sought the understanding of Americans on Japan's "emergency economic package to deal with economic issues and the strong yen problem." According to Muto, the delegation told a number of U.S. Government officials and legislators that the ruling parties are thinking about compiling a large-scale second supplementary budget bill of some Y10 trillion during the second half of 1995 as a measure to reduce Japan's current-accounts surplus.

No particular voices of complaint were raised on the report at the policy coordinating conference, but Koichi Kato, chairman of the LDP Policy Affairs Research Council, noted to reporters later that "no discussion has been held among the three ruling coalition parties' officials in charge of policy issues on how big the second supplementary budget should be. I think what he said only represented the desire of passing a big supplementary budget." He thus was wary about the possibility of the "10 trillion yen" taking on life of its own and starting to "run by itself."

Speculation on Murayama Resignation Reported

Cabinet Ministers Assert Support

OW1205033895 Tokyo KYODO in English 0325 GMT 12 May 95

[FBIS Transcribed Text] Tokyo, May 12 KYODO — All cabinet ministers restated their support for Prime Minister Tomiichi Murayama on Friday [12 May] following the spread of speculation that the premier is weighing the timing for resignation.

At an informal cabinet talk, Home Affairs Minister Hiromu Nonaka expressed disappointment at a remark made Wednesday by Yoshiro Mori, secretary general of the Liberal Democratic Party (LDP), that the premier is considering when to quit, Chief Cabinet Secretary Kozo Igarashi told a news conference.

"This cabinet has completed one formidable task after another which any previous cabinet failed to do... We cabinet ministers should confidently act as one to tackle challenges both at home and abroad," Nonaka was quoted as saying.

Nonaka also spoke of the need for ministers to be careful about their remarks, the top government spokesman said.

On Thursday, Mori's remark fanned speculation that Murayama, aware of his limitations as a premier from a minority party, is thinking about the timing of stepping down.

While the LDP holds 208 seats in the House of Representatives as the dominant force in the ruling coalition, Murayama's Social Democratic Party has only 69. New Party Sakigake, another coalition partner, holds 21 seats.

Murayama flatly denied his reported intention to step down, saying, "I have no intention to resign at all because this is the time for the entire cabinet to live up to the expectations of the people."

At Friday's cabinet session, Transport Minister Shizuka Kamei noted Mori meant to reiterate the need to throw full weight behind the Murayama government. Kamei also said all the ministers should do their utmost to fulfill their task as members of the Murayama cabinet.

Science and Technology Agency Chief Makiko Tanaka was quoted as saying the cabinet should show its determination to support the premier, not by words of excuses but by deeds.

Foreign Minister and Deputy Prime Minister Yohei Kono said all the ministers need to refrain from making remarks that could be wrongly interpreted, according to Igarashi.

Kono, who is the LDP president, was also quoted as saying he told Mori not to make a remark about such a sensitive topic.

Earlier Friday, Mori offered an apology to Murayama for his remark and its consequences. Murayama told reporters he does not think the LDP secretary general tried to say he is weighing the timing of his resignation.

"I believe this incident has contributed to strengthening the unity of the government, the ruling parties and the cabinet," Igarashi told the news conference.

Murayama, 71, last June became Japan's first socialist premier in nearly 50 years with the formation of the current three-way coalition government.

Despite his outright denial, speculation is still rife that he may have to quit to take responsibility for his SDP's [of Japan] anticipated loss in a House of Councillors election scheduled for July.

Murayama Ready To Resign

OW1105143595 Tokyo YOMIURI SHIMBUN in Japanese 11 May 95 Morning Edition p 1

[FBIS Translated Text] It became clear on 10 May that Prime Minister Tomiichi Murayama had confided his intention to resign and now is considering when to resign. This was disclosed by a few ruling coalition leaders. Yoshiro Mori, secretary general of the Liberal Democratic Party [LDP], in a speech given that day, also revealed that the prime minister had felt "the limits of the cabinet led by the head of a party which is not the largest one in the coalition." The prevailing view within the ruling parties is that the prime minister, if he decides to resign, will step down after either the summit talks of industrialized nations scheduled for mid-June or the upper house elections scheduled for July. This is because a pile of pending issues involving domestic and external affairs, such as the sarin gas attack and deliberations on this fiscal year's budget, remain to be settled. But now that it has become known that the prime minister is considering his course of action, it seems difficult to prevent the political situation from becoming unstable.

In a speech given at a meeting of the Research Council on the Situation at Home and Abroad, which was held on the same day at a Tokyo hotel, Mori said: "The people are not necessarily satisfied with the present coalition arrangement among the three parties. This arrangement can become bothersome at times. Concerning the formation of a cabinet by the leader of a party which is not the number one party, the prime minister said that his cabinet is only a transitional one and consequently there is a limit to what it can do." Since Mori held a meeting with the prime minister on the night of 7 May, it seems that the prime minister made the remarks at that time.

At the same time, Mori stressed: "Murayama ought to be more careful, because if the media hears such a story, it would infer that the prime minister had decided to quit. It is important for the LDP and Harbinger Party to cooperate more closely to support the prime minister."

According to the senior members of the ruling coalition and the prime minister's close associates, the prime minister is looking for an appropriate time to resign for the following reasons: 1) In addition to nearly settling the pending issues he pledged to solve when he became a prime minister, including an increase in the consumption tax rate, prospects for reforming special public corporations are in sight; 2) it seems likely that a supplementary budget for this fiscal year, in which measures to deal with the strong yen and damage caused by the great Hanshin earthquake are incorporated, will be approved before the end of this month; and 3) he will have been in power for about one year when the current Diet session ends, and some people have begun to express their hope for a renewal of leadership.

However, there are many other pending issues — including the sarin attack, a Diet resolution to mark the 50th anniversary of the war's end, full-fledged economic structural reform, and summit talks of developed countries (the Halifax summit) slated to be held in mid-June. Also, the executive department of the three ruling parties is strongly asking the prime minister to remain in his post. Therefore, the prevailing view among the prime minister's close associates and within the ruling parties is that "there is no doubt that Prime Minister Murayama will attend the summit talks, which will be held when the current Diet session comes to an end, and the prime minister, even if he firms up his intention to step down, will make the final decision after the summit talks or the upper house elections."

Of late, the prime minister himself explained to senior ruling party officials his view of fulfilling political responsibilities by settling pending issues.

Regarding the upper house elections, on the other hand, some people are of the view that the Social Democratic Party of Japan [SDPJ] will not be able to maintain the Diet seats it gained in the wake of the upper house elections held six years ago, in which the party won big because of the anti-consumption tax movement and other causes. Accordingly, many members of the ruling parties are saying that "the prime minister cannot avert a call for assuming responsibilities as chairman of the SDPJ when the upper house elections end." It seems that the prime minister will make his final decision while taking such circumstances into consideration.

NFP Preparing for No-Confidence Motion

OW1105120995 Tokyo ASAHI SHIMBUN in Japanese 11 May 95 Morning Edition p 1

[FBIS Translated Text] On 10 May, the opposition New Frontier Party [NFP] began preparations for submitting to the House of Representatives a no-confidence motion against the Murayama cabinet at the end of the current Diet session. More and more NFP leaders have claimed that it is inevitable for the party to submit a no-confidence resolution to clarify its stand against the Murayama government before the upper house election scheduled for this summer. However, there is a high possibility that the motion will be voted down because the three ruling parties occupy the majority of seats in the lower house. Yet, the submission of such a motion may lead to the dissolution of the lower house. Because of this and a possible snap election after the upper house election, a battle between the ruling and opposition parties will likely intensify toward the end of the current Diet session.

At a 9 May meeting, four NFP top leaders, including Secretary General Ichiro Ozawa, discussed whether or not the party should submit a no-confidence motion. Although most of them favored submitting a motion, Ozawa cautioned: "It is meaningless if a resolution is killed." However, in the end he reportedly indicated his intention to respect the majority opinion in the party.

There is a concern within the NFP that the ruling coalition government may threaten to dissolve the lower house for a general election as a measure to prevent the NFP from submitting a no- confidence motion. Therefore, it is possible that the NFP will not make a final decision on submitting a motion until the very end of the Diet session.

SDPJ To Aim at Forming 'Lenient' New Party

OW1105031195 Tokyo KYODO in English 0251 GMT 11 May 95

[FBIS Transcribed Text] Tokyo, May 11 KYODO — Prime Minister Tomiichi Murayama's Social Democratic Party (SDP) [of Japan] will aim to set up a new "lenient" party that can make alliances with any existing parties, according to a draft plan on the new party unveiled Thursday [11 May].

The SDP leadership showed the draft to a meeting of the Central Executive Committee. The draft will be submitted to an extraordinary party convention May 27 for overall discussion.

The draft says the new party should be a "civic party" consisting of a broad range of people.

The party should also become "a third pole" of power in Japanese politics to cope with the two conservative parties — the Liberal Democratic Party, the dominant partner in the tripartite ruling coalition, and the main opposition Shinshinto (New Frontier Party).

However, the new party would not be against joining hands with any parties if they can agree on political agendas and the coalition would be for the benefit of citizens, the draft says.

The SDP's new party would also open its arms to any Diet members, including those who quit the SDP, it says.

Former SDP Chairman Sadao Yamahana left the party Wednesday to take responsibility for an aborted attempt by his rebel group to create a new party before the July election of the House of Councillors.

The draft does not say, however, when the SDP would be disbanded to form the proposed new party.

Former SDPJ Members Plan New Opposition

OW1205105495 Tokyo KYODO in English 1027 GMT 12 May 95

[FBIS Transcribed Text] Tokyo, May 12 KYODO — Five legislators of Prime Minister Tomiichi Murayama's Social Democratic Party (SDP) [Social Democratic Party of Japan— SDPJ] said Friday [12 May] after offering to resign from the party that they will form a new opposition group in the Diet with former SDP head Sadao Yamahana who quit the party earlier this week.

After submitting letters of resignation to SDP Secretary General Wataru Kubo earlier Friday, the five held a joint press conference to express their desire to form a new political party in the future.

The five are House of Representatives members Ryuichi Doi, Shigeru Goto, Ikuo Horigome and Kenji Yoshioka, and House of Councillors member Shoji Motooka.

The legislators belonged to the SDP's now defunct New Democratic League, a secessionist group headed by Yamahana that tried in vain to create a third political force to compete against the Liberal Democratic Party (LDP), a dominant partner in the tripartite ruling coalition, and the main opposition party Shinshinto (New Frontier Party).

With Yamahana as its core, the five said, they will form a new policy study group aimed at creating a new "liberal" political party by gathering regional forces. Four of them are from Hyogo Prefecture, Western Japan.

In a press statement, the five pointed out the possibility that the SDP's own scheme to transform itself into a new party would end in a mere change of name.

"The SDP has completely finished its historical role and is now going to die quietly in the hands of the LDP which has regained power," said the statement.

The SDP formed the coalition with the LDP and new party Sakigake, an LDP splinter group, last June.

The New Democratic League, which had been trying to form a new "liberal and democratic" party, lost momentum amid the sense of social unease in the wake of the Jan. 17 earthquake that ravaged much of Hyogo Prefecture, including its capital Kobe.

Yamahana announced defection from the party Tuesday, citing as a reason his failure to form a new party and following upper house member Tetsuo Kitamura, who also belonged to the rebel group and offered to quit the SDP on Monday.

A willingness to leave the SDP has already been expressed by other members, including upper house member Sachiko Maehata, former party secretary general Hirotaka Akamatsu, and former vice chairman Yuzuru Shimazaki.

Chief Cabinet Secretary Kozo Igarashi voiced disappointment at the departure of the five legislators from the party.

"It is quite regrettable that our party members quit in this way," said the top government spokesman, who is himself a senior SDP member.

The SDP's policy-making central executive committee decided Thursday to create a new "tolerant" party that would open its arms to all Diet members, including those who quit the SDP.

"I hope we can get together again," Igarashi said.

Igarashi 'Voiced Disappointment'

OW1205082495 Tokyo KYODO in English
0809 GMT 12 May 95

[FBIS Transcribed Text] Tokyo, May 12 KYODO — Five lawmakers of the governing Social Democratic Party (SDP) [Social Democratic Party of Japan — SDPJ] joined two colleagues in quitting the party Friday [12 May] after their failed attempt to create a new party before the July election for the House of Councillors.

House of Representatives members Ryuichi Doi, Shigeru Goto, Ikuo Horigome and Kenji Yoshioka, and House of Councillors member Shoji Motooka submitted letters of resignation to SDP Secretary General Wataru Kubo.

The legislators belonged to the party's now-defunct New Democratic League, once led by former SDP Chairman Sadao Yamahana who left the party Wednesday.

The league, which had been trying to form a new "liberal and democratic" party, lost momentum amid a sense of social uneasiness in the wake of the Jan. 17 Kobe earthquake.

Yamahana defected from the party citing as a reason his failure to form a new party, joining upper house member Tetsuo Kitamura, who also belonged to the rebel group, quit the SDP on Monday.

Chief Cabinet Secretary Kozo Igarashi voiced disappointment at the five legislators' departure from the party.

"It is quite regrettable that our party members quit in this way," said the top government spokesman who is a senior SDP member.

The SDP's policy-making central executive committee, headed by Prime Minister Tomiichi Murayama, decided Thursday to create a new party "lenient" that would open its arms to all Diet members, including those who quit the SDP.

"I hope we can get together again," Igarashi said.

Petrochemical Exports to Southeast Asia 'Surging'

OW0805063095 Tokyo KYODO in English
0606 GMT 8 May 95

[FBIS Transcribed Text] Tokyo, May 8 KYODO — Japan's petrochemical exports to Southeast Asian countries are surging, reflecting strong demand there and an increasing shift of Japanese manufacturers' production bases to that region away from Japan, industry sources said Monday [8 May].

"Demand for petrochemicals in Southeast Asian countries is particularly robust among Japanese home electrical appliance makers," an industry official said.

The steady growth there is prompting Japanese chemical companies to change their marketing strategies which have so far been targeted mainly at domestic demand, he said.

Japanese petrochemical makers were priced out of international marketplaces by their U.S. and European rivals a few years ago, with export volumes of their products for 1993 hitting lows since 1990 almost across the board.

But subsequent comebacks of the U.S. and European economies boosted domestic demand for such products in Europe and the United States, which led to a decline in U.S. and European exports to Southeast Asia.

As a result, Japan's petrochemical exports turned upward around last summer. Last March, exports of almost all main products scored record highs, industry sources said.

In particular, exports of polystyrene, a material used in home appliances, in March chalked up a sharp 23 percent rise from a year earlier thanks in part to brisk exports to China.

Mirroring steady demand in Southeast Asia, prices for polystyrene in April nearly doubled to 1,430 U.S. dollars per ton in Hong Kong from a year before, the sources said.

Toyota Auto Body Forms Indonesian Venture

OW1205090695 Tokyo KYODO in English 0850 GMT 12 May 95

[FBIS Transcribed Text] Nagoya, May 12 KYODO — Toyota Auto Body Co. said Friday [12 May] it has formed a joint venture in Indonesia to produce trucks and remodel cars.

The car assembler affiliated with Toyota Motor Corp. said its second overseas market move is in response to growing local demand for trucks and remodeled cars.

The new company, P.T. Sugity Creatives, is located in a Jakarta suburb and capitalized at 24 billion rupiahs, with Toyota Auto Body and Toyota Tsusho Corp. together holding a 50 percent stake, said the car assembler based in Kariya, Aichi Prefecture.

The remaining 50 percent was contributed by Toyota Motor's two local joint-venture firms — P.T. Superior Coach and P.T. Toyota Astra Motor.

Toyota Auto said Sugity will begin production of trucks and remodeled cars at a monthly rate of 1,000 units in July 1996. First-year sales are targeted at 1 billion yen, the company added.

Toyota Auto's first overseas outlet is in Thailand.

Journal Examines Multimedia Issues

Industry Executives View Trends

952A0486A Tokyo GEKKAN KEIDANREN in Japanese Jan 95 pp 10-20

[Roundtable discussion with moderator Sho Nasu, chairman, Tokyo Electric Power Co.; Tadahiro Sekimoto, NEC chairman; Norio Ohga, Sony chairman; Tomiichi Akiyama, president, Sumitomo Corp.; and Kenichi Imai, director, Stanford University Japan Center]

[FBIS Translated Text] **Current Condition of Multimedia**

[Nasu] Multimedia as a topic has been covered a lot these days in newspapers, but everyone seems to have a different interpretation of this terminology. Let's discuss first what multimedia is.

[Sekimoto] Definition of multimedia is somewhat vague, but I believe the essential element relates to the concept of "information." My own definition is, "to deal with multiple information, to use multiple media for information communications, and to process multiple information." It clearly boils down to our concept of "integration of C&C (computers and communications)."

First of all, in addition to conventional telephones, we now have facsimiles, personal computers, CD-ROM's, and so on — we have multiple information media (multi-information media).

Also, we now have not only fiber optics, but also coaxial cables, satellite communications, cellular telephones, and so on — we have multiple media of information transmission (multi-transmission media).

Furthermore, in contrast to our past dependence on general purpose computers [mainframe computers] for information processing, we have downsized our machines and are now using personal computers, engineering work stations, and so on. By developing networks horizontally or in a decentralized manner, we now have multiple ways of information processing, including sounds and images.

[Imai] Speaking of multimedia, it doesn't mean a sudden appearance of a new industry in the size of several trillion yen, like that of the home electronics industry. Rather, we should interpret it as a change in our social foundation, meaning that development of information and communications networks are about to change our economy and society," like in the case of development of traffic networks that changed the world.

In traffic, we switch among various modes of transportation to get to our destination, like transferring from an airplane to a bullet train, a bus, and then to a taxi. Unless all these transfers can be made smoothly, our current system of traffic doesn't work. Software and mode conversions are important, and I believe it took 100-200 years to develop this system.

The same is true in the case of information. There is an expression: the information highway. In addition to processing only words in the past, we are now able to combine sounds and images, creating a social infrastructure by making the whole seamless.

From energy networks to traffic networks, and now to information networks — our social infrastructure has been changing in a major way every 100 years. What's important here is to contemplate how to nurture these major changes from a long-term viewpoint. The change that is currently taking place should not be dismissed merely as a temporary boom or a mad fad as in the case of the new media before.

What To Do With Internet

[Nasu] Speaking of Japan's current status relating to multimedia, it is often said that Japan is far behind, especially when compared to the United States. By examining each constituent element of the current status of multimedia abroad, I think we can shed light on an agenda for multimedia in Japan.

First, in terms of networks, there is a growing interest in the Internet (see page 24 for discussion on this by Mr. Izumi Aizu). How do you assess the current status?

[Akiyama] The Internet is now spreading rapidly not only in the academic world but also in the business world. It is indispensable as a means to take part in the international community.

[Sekimoto] In terms of the relative size of population and GNP, the level of spread and usage of the Internet in Japan ranks around 20th in the world, behind even Hong Kong, Taiwan, and Korea. In an age when information is valuable, if we can't transmit written and spoken information immediately through networks, we'll be left behind in the area of information, which is an important business asset after people and money. Therefore, we must have concrete measures, such as programs to teach English, so that the Japanese will be able to transmit information directly in English, and must develop user-friendly terminals so that anyone can use networks with ease.

[Imai] I think the Internet is efficient, and its economic potential is enormous because of its self-multiplying way of development. Even in Japan, more and more people now have their ID numbers for E-mail (electronic mail for the Internet) on their business cards. A certain percentage of people in each country in the world are using E-mail for communications, and it is becoming a reality that if you are not on this network, you cannot get information. The network expands naturally, because you cannot survive without it.

In Japan, however, we have a strong tendency to stress the merit of face-to-face contact in communications. Therefore, unless we are determined to use E-mail, even if doing so could be a bit strenuous, we will be far behind the United States in a few years. It is not necessary to have an inferiority complex over the gap between Japan and the United States, but I think it necessary to understand that the use of E-mail can improve the productivity of white-collar workers.

[Ohga] The Internet is also spreading like wildfire, especially among young people in Japan, and is now becoming a tool for business, as well. One reason is the low cost to use it.

This is because the Defense Department in the United States made a huge investment and provided this infrastructure free of charge. I don't think it could have spread this much if it had been considered only in terms of a rate of return on investment.

[Imai] You said that the Defense Department played a major role in the United States. I also think it crucially important for Japan to allocate some of the social capital development fund of 630 trillion yen, which was approved in October under the capital plan for public investment, to the development of an information infrastructure.

Hoping for the Development of CATV

[Nasu] In terms of a network infrastructure, and aside from such computer networks as the Internet, we can think of another approach to upgrade existing telephone circuits and CATV [cable television] networks. What is your thought on this?

[Akiyama] Regarding telephones for networking, there are about 400 units or more per 1,000 people in Japan, compared to 500 units in the United States. Basically, therefore, there is not much of a gap.

Regarding CATV, however, there is a gap of at least 10-15 years between the United States and Japan. For example, the subscription rate of CATV is about 63 percent of the total number of households in the United States, but it is still less than 5 percent in Japan.

However, more than 90 percent of cities with population of more than 300,000 in Japan have business plans for CATV or have already begun to implement their plans. So, we are catching up with the United States at a rapid pace. As the spread of interactive CATV as an extension of conventional CATV will automatically open the road to multimedia, I'm hoping for the development of CATV businesses in Japan.

[Sekimoto] In Japan, it was not long ago when a so-called city-type CATV system became operative.

A CATV system can solve reception problems, but as commercial broadcasting stations in Japan expanded their relay stations and NHK has been operating satellite broadcasting, there has not been much need to rely on CATV to solve reception problems.

[Ohga] In Manhattan, if you use an external antenna, you cannot receive accurate pictures because of too many ghosts. But, CATV makes ghosts disappear completely. As a measure to solve this ghost problem, the spread of CATV accelerated in cities in the United States. Also, because of the wide expanse of its land, the United States had far more cases of bad reception than Japan, and that promoted development of CATV.

Recently, transmission technologies using coaxial cables and so on have advanced rapidly, and it has become quite common for a CATV system to offer close to 100 channels.

[Sekimoto] One characteristic of CATV in the United States is that there are many specialized channels, such as ESPN for sports and CNN for news, and this has been a factor for its popularity.

In terms of interactive CATV, however, there is not much difference between the United States and Japan. Even in the case of videos on demand, it is still at the early stage of experiment. Although it is a fact that the United States is one step ahead, I don't think it is 10-15 years ahead of Japan.

[Akiyama] The problem is that fees for CATV are high in Japan. One reason why the new media did not take off is that the supply side was stressed, and the convenience and economic aspects for consumers were ignored. I think it necessary to provide information at low cost to satisfy diverse consumer needs.

Recently, we have adopted the American system for our CATV at Sumitomo Shoji, and by offering membership at no charge or at discount, we are carrying out various campaigns to popularize the system. I think all these efforts will help spread CATV.

Japan's Agenda

[Nasu] In Japan, when we think of multimedia, we tend to focus solely on building a network infrastructure. But, recently at last, we began to stress the importance of application and contents.

According to the action agenda for NII (National Information Infrastructure) in the United States, "An information infrastructure includes not only such physical facilities as networks and information processing units to transfer, store, process, and display sounds, data, and images, but also information itself and software programs for application to access and create such information as well as the people who create and use the information."

[Ohga] A new satellite broadcasting system (Direct TV) developed by Hughes offers 150 channels on such programs as sports and movies. This system came out with an extremely interesting software program. If a media can provide a full line of software programs to match diversified needs of individuals, regardless of generation and gender, that media will develop. After all, having interesting software programs is the most important thing for making a system popular.

We Must Pay a High Price for Valuable Information

[Nasu] Some people point out that a basic problem is that the Japanese people don't attach much value to information, and that our society is not ready to communicate through networks or, contrary to our expectation, we have not developed an information society.

[Imai] Do the Japanese attach little value to information? Not necessarily so.

Even during the Edo era, they paid money for good information, and there used to be a shop called Fujiokaya, which sold a piece of information for 85 mon [old Japanese monetary unit] to feudal lords. As Ms. Yuko Tanaka's "Edo wa netto-waaku" [Networking in Edo] shows, the Edo era was exactly a networking era.

Rather than saying that the Japanese place less value on information, I have a feeling that, because there was not much good information, we didn't spend much money. The reason for my saying this is that we pay a high price, for example, for a design drawn by an architect. This is also a remuneration for information.

In the past, corporations had their own cadres of employees who were capable of collecting information. As the cost of such information was part of internal costs, they didn't have to set up a special expense account for information. But they recently began to commission outside specialists for part of their business activities. From now on, such specialized talents will be valued highly, and we'll be paying high prices for valuable information in the future. I think we are now at a turning point.

[Sekimoto] We have been trying also to assign values to computer software for many years. Architectural designs are considered separate from hardware, but in the case of the computer, there has been a custom that rights on hardware are acknowledged, but those on software are not.

The Japanese seem to shy away from software contracts that accompany monetary values. For example, it is often the case not to discuss the amount of a lecture fee for a guest speaker at a seminar in advance. In a sense, this is also a unique custom in Japan.

[Ohga] I believe that unless intellectual property rights are respected, multimedia will not succeed. The level of awareness toward intellectual property rights seems to reflect the level of culture in a society. Japan has become an advanced country in terms of its technologies, but it is still like an underdeveloped country in terms of information, because it lacks awareness that software costs money. It is necessary to raise our awareness of [the value of] software.

First, Streamline the Public Sector's Information System

[Nasu] The Keidanren advocates that the public sector streamline its information system first, because it is deeply intertwined with the lives of our citizens and industrial activities.

I'm very much for streamlining the information system first at the public sector. The public sector's information system is clearly behind the times. Unless the public sector streamlines its information system, society as a whole will be left behind in the age of information and electronics. But, the public sector doesn't have a separate account for the cost of software, and this needs to be changed. In this sense also, as mentioned earlier, it is important how the public investment fund of 630 trillion yen will be allocated; 630 trillion yen is 20 times the amount of the military budget (per year) in the United States. I think we could spend as much as the amount of investment in information technology made by the U.S. Defense Department. With that money, it is important to create a model at the highest level.

[Sekimoto] The current supplementary budget is not enough. Without having an annual budget, there won't be much accomplishment. Also, it is necessary to have a midrange plan that specifies a budget for streamlining the information system.

We will be able to make quite a change, if we proceed more systematically — like applying the method used by the Conference on Science and Technology — by setting up a budget for multimedia in cooperation with the Science and Technology Agency, the Ministry of International Trade and Industry, the Ministry of Posts and Telecommunications, and/or the Ministry of Education, and by adjusting each other's plan so as to increase the effectiveness of promoting multimedia. As it might be difficult to set up a separate expense account, I think it will be worthwhile to compile a budget and study the direction for the future.

Need a Response System Beyond the Boundaries of Ministries and Agencies

[Nasu] Next, I would like to ask you about a system and a structure to materialize a multimedia society.

In promoting multimedia, I believe it also necessary for Japan to establish a system like NII in the United States. Furthermore, when such a concept as GII develops, how Japan should deal with it as a nation becomes an issue. For example, we hear often recently about a fusion of communications and broadcasting. In this kind of a situation, what will we need to do for system reform?

[Akiyama] We must streamline our information system with an emphasis on new social capital for the 21st century, but one thing that I think necessary for this is legislation. Information and communications businesses are controlled under the Telecommunications Business Act, the Broadcast Act, and other multiple sets of laws. As such, I think the complexity of laws will become a real problem.

Also, I think it necessary for the nation to streamline its windows for response. As the windows are spread too much among ministries, they are creating various problems.

In the case of interactive CATV, I also think the system will be used in various ways, such as in education and medical care. Such being the case, jurisdiction for windows can overlap among the Ministry of Education, the Ministry of Health and Welfare, the Ministry of Construction, and so on. I think we should start thinking about how to create a system to deal with such situations.

The United States has already set up a common window called IITF (Information Infrastructure Task Force), and has been trying to use it as a unifying agency. Unless Japan tries to unify windows for information and communications businesses somehow, I think the whole thing will become uncontrollable.

[Sekimoto] Japan has established a headquarters to promote an advanced information and communications society, which is headed by Prime Minister Murayama, and I'm quite hopeful for its success. There are many problems — the budget issue, the problem regarding awareness of the value of information, the issue of intellectual property rights, and so on — that affect various ministries and agencies. Setting up a system is not enough; we need leadership to respond quickly.

[Ohga] Japan's ministries and agencies have not changed much basically since the time when GHQ [General Headquarters] carried out various reform programs after the end of the war. It seems necessary now to begin contemplating a possible restructuring of our ministries and agencies that are indispensable in promoting multimedia efficiently. Especially in this era of rapid changes, if progress is blocked by the walls between ministries and agencies, Japan will be left behind further in the international community.

Responsibility for New Ventures Should Be Left to Individual Companies

[Nasu] The private sector should decide first what it wants to do. Then, if it cannot implement its plan because of the existing system, it should propose what needs to be changed.

[Imai] I also think that administrative reform and deregulation are the major agenda for Japan. But, how to go about with deregulation and how things should be administered depend on each sector. As information and communications businesses are the area that requires experimentation, I think they will never develop fully if [market] entries are regulated. If problems occur after implementation, we will simply have to discuss how to solve the problems. I want our government to stop requesting companies not to enter a certain sector on the ground that such entries may create excessive competition.

This sector [multimedia] is where superior ones will survive through trials and errors. Companies have no ideas of final results in advance, nor do bureaucrats and scholars. I think that regulations must respond flexibly to social changes.

[Nasu] A company that enters a new business may go bankrupt, but this cannot be helped. The Japanese Government is structured so that it cannot do anything unless rules for market entry are made first, because when a new venture fails, the government agency that issued a permit will be blamed and questioned at the Diet. This is most troublesome. Also, with a way of thinking that once a company is permitted to enter a market, it will never be let go under, new ventures will never flourish.

[Akiyama] Each individual company should take responsibility for the consequence of its entry into a market. When it goes bankrupt, it is odd to blame a government agency with jurisdiction over the business sector. I think it should be enough as long as there are rules for the market economy that ensure fair and healthy competition after a company enters a market.

[Ohga] Although bridges and roads are also important, I hope our government to become aware that multimedia is an important infrastructure for Japan in the 21st century. We look forward to the role of our government comparable to that of the U.S. national military establishment, which contributed to the spread of the Internet and GPS [Global Positioning System].

[Nasu] It seems necessary to make clear what the government must do and what it should never do.

Multimedia Will Change Lifestyles and Business Practices

[Nasu] I think it important to think of multimedia as a tool for advancing the lives of citizens, industrial activities, academic and research exchanges, and scientific technologies; by using information, we should improve our quality of life and strengthen our competitiveness.

Also, multimedia will become an important means for management reform at the corporate level as well as for rationalization and clarification of intercompany transactions. In the mid- to long-term future, boundaries among businesses will disappear because of multimedia, resulting in a possible link toward transformation of the industrial structure, I think.

What kinds of effects will multimedia have on our lifestyles and business practices?

[Akiyama] multimedia will become indispensable as an important industrial foundation in terms of international competitiveness and exchanges of various kinds of information for corporations.

In terms of enriching the lives of citizens, for example, the CATV system, although it tends to attract attention in the entertainment field, has major roles in education as well as welfare and medical care in the aging society.

Although this may sound like a fantasy at the present time, satellite offices and home offices, which have already been in use in the United States, will promote decentralization from Tokyo to local areas.

[Imai] In creating an information system, it is important whether the system can cope with emergency situations. It will become necessary to have a system, like when someone becomes ill, files on this patient can be transmitted immediately to a hospital, or when some accident occurs at a company, photographs and blueprints can be forwarded immediately. The entertainment sector is also important, but unless the system can be used for business activities, international understandings, or global environmental issues, it will not be able to get enough support as being useful as a social foundation. Rather than talking about multimedia at a superficial level, we must stress its missions at a larger level.

[Sekimoto] In public administration, they should make a better and active use of information. Kobe City began providing "Ajisai Netto [Hydrangea Network]" services two years ago, handling reservations on-line for municipal golf courses and baseball fields.

Also, as a step toward a global-scale network and an information infrastructure for the entire world, Japan needs to become independent-minded in dealing with multimedia. There are many ways to utilize an information infrastructure. Whether to make this infrastructure useful or not, or whether it will develop highly or not — all depends on our knowledge and ability.

A Better Man-Machine Relationship

[Ohga] Whether multimedia can become successful or not depends on whether it can grab the hearts of consumers. In order for us to sell our products to consumers, we must grab their hearts. And, if they buy our products, but can't operate them and put them in their closets, that won't be good. For such terminal devices as computers to become essential goods like present-day televisions, a man-machine interface becomes important. From now on, I think there will be competition for development in this area.

[Sekimoto] For everyone to be able to enjoy information in an economical way, what kinds of terminal devices need to be developed? This is an agenda for us, manufacturers.

[Akiyama] As far as users are concerned, contrary to my expectation, even young people today are not using computers much. This must be related to the difference in education between the United States and Japan.

[Ohga] At Ivy League colleges, students must use their personal computers to find out about such news as whether lectures are scheduled to be postponed, or to submit their reports. So, if you can't use a personal computer well enough, you will not be able to keep up with college life.

[Sekimoto] The rate of spread of personal computers at elementary schools is 60 percent to 70 percent these days. But, I've heard that, even though the hardware has been installed, there is no one to teach how to use it.

[Imai] To create an information society, it is necessary to have "master teachers" to teach information systems to elementary-school teachers. Unless such a structure of a roundabout way of production [teaching] is established, there will be only a growing sense of disappointment. Aside from education at school, I think it necessary to develop human resources, like developing professionals who can write specialized manuals for computer terminals that are easy to read.

[Nasu] For the industrial sector, in sum, the agenda is to improve productivity and strengthen competitiveness by using multimedia, and at the same time to create an
environment based on multimedia for the citizens to
cess necessary information whenever and wherever t
want. To accomplish all these, education and devel
ment of human resources are considered important.

Thank you very much for your participation.

Multimedia Infrastructure Discussed

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[Article by Teruyasu Murakami, director of resea
Nomura Research Institute]

[FBIS Translated Text] **NII and MMII**

What triggered the current multimedia boom in Japa
clearly the United States. In that country, three activi
are being carried out for NII (National Informa
Infrastructure).

One of these activities, needless to say, is
government-led NII to materialize the concept
an information superhighway, which was prop
concurrently with the birth of the Clinton-Gore adr
istration. The Information Infrastructure Task F
(IITF), which promotes NII, is now compiling
enormous amount of information, including record
public hearings, interim reports, and test data on gig
test beds, so as to make long-term policies for the
century, just in time for the 1996 presidential elect

Concerning NII, there is another on-going activity
business-oriented NII centering on corporations in
private sector in pursuit of business opportunities in
intermediate term. This is aimed at developing la
scale multimedia businesses, including such mass
kets at the household level as videos-on-demand (V
and such business markets as television telephones.

The essential characteristic of multimedia is a crea
of an advanced media to handle not only words
images but also sounds, movies, and animations i
interactive manner by having wideband, interactive,
digital technologies through a fusion of the commun
tions industry, which has the network infrastructure,
information industry, which supplies platforms, and
media industry, which has contents. Reflecting this c
acteristic, various companies began to enter the m
media market from three different directions, as i
cated in the chart on the next page [not reproduced

First is from the communications field as multim
networkers. Second is from the information-proce
industry as multimedia integrators. Third is from
media industry as media conglomerates, which ov
large amount of contents. That these companies

been actively engaged in M&A [mergers and acquisitions] and strategic tie-ups, going beyond industrial and national boundaries, is a well-known fact.

IITF states that NII is "an information infrastructure where all Americans can get necessary information at a reasonable price, whenever and wherever they want." If so, there is another NII being created in the United States. That is the Internet, an NII at the grassroots level that is comprised of researchers, universities, volunteer organizations, and individuals. The Internet is an already established NII, and is growing rapidly at present time. Its use has been expanding at a fast rate from conventional research and educational use to such frontier commercial services that can be called as cyber-businesses as mail-order services, advertising, publishing, and broadcasting.

In contrast to these developments in the United States toward establishment of a "national information infrastructure," which joins together the government, corporations, and individuals as well as long-term, mid-term, and short-term activities, parallel activities in Japan are conceived as "multimedia development" [maruchimediaka], and discussions are taking place, centering around the interests that are focused mainly on building of optical fiber networks as well as new ventures, new products, and new technologies relating to multimedia.

From this perspective, what attracts most attention among the three approaches to NII in the United States is the second one — a business-oriented approach to NII. Development in this area seems to have lost its steam somewhat in the United States because of a defeat of the Communications Bill of 1994 in Congress, several failed M&A proposals, postponement of such VOD-related projects as Full-Service and Castro Valley. In any event, however, the NII plan shares its fate, for better or worse, with the Clinton administration.

Japan's own multimedia development should have some distance from the U.S. NII (national information infrastructure), and set out clearly its unique approach in the form of "establishment of MMII (multimedia information infrastructure)" to focus on the networking aspect.

In the 1960's, Japan was shocked by the worldwide campaign on pollution problems, beginning with the Rome Club's report, "Limits to Growth," and dealt with the problems, society-wide and industry-wide, for some time. During that time, the United States and European countries, where this issue was originally raised, did not get much response from their industries, although these countries were quite involved with the issue politically. In the end, Japan became world-renowned for its environmental measures. Establishment of a multimedia information infrastructure may take a similar course of development.

Multimedia and Its Relation to Businessmen, Bureaucrats, and Housewives

Establishment of a multimedia information infrastructure will likely produce abundant business opportunities and become sources for international competitiveness in the next generation. But, this agenda is not like such issues as aging and global environmental problems, which by themselves require solutions for the society and industries. It simply provides means and tools to solve such problems. Therefore, its success or failure depends on whether the supply side can continuously demonstrate its benefits that are more than the demand side's expectations. Where does the key to success exist in each of these areas —industries, the government, and households?

At Nomura Research Institute, where this author works, there was a change of president several months ago. New President Hashimoto began to use E-mail, which all employees can receive at their computer terminals, to disseminate major themes and his opinions at the end of each of about four monthly management conferences. This is certainly effective in having the employees become familiar with the new president quickly, but it also generates usefulness beyond that level. That is, information about the current focus of the management can be shared almost in real time by everyone from newly hired employees to division chiefs. This has a potential for dramatic changes in every aspect of management, including the relationship between top executives and employees, the centripetal force of the organization, the time lag between decisionmaking and implementation, and so on.

The conventional system of Japanese-style management has been based on close communications among employees during and outside business hours. But, such changes in business environment as diversifying values, introduction of a flexible time system, out-sourcing of business operations, and development of various functions overseas have been weakening communications among employees. multimedia as a highly sensitive and realistic tool will certainly create a new form of close communications, transcending time and space. I believe that the progress in multimedia development is a process of replacing existing telephones with television telephones equipped with computers in the form of MM (multimedia) telephones or MMM (multimedia mobile) telephones. But, initial promoters of this progress are and should be corporations.

Government administration has not been able to keep up with the wave of streamlining the information system, which began in the late 1980's in the form of downsizing and networking. At present, however, riding on the wave of streamlining an advanced administrative information system since 1993, the government, led by seven leading ministries and agencies, is rapidly catching up.

However, there are new movements occurring in the United States: state governments, like the "Info California" on the West Coast, are setting up multimedia kiosks in supermarkets, libraries, and so on to let the people pay their vehicle registration fees or apply for birth certificates; and, like the "Sailor Plan" in the State of Maryland on the East Coast, municipal governments are providing free connections with the Internet for residents so as to improve the information literacy of the residents. The public administration in Japan should not be allowed to fall behind the recent trend of developing multimedia.

The most promising application to spread multimedia among households at present comes in a set of three functions—VOD, shopping via television, and transmission of games. Almost all scheduled projects for experimentation and commercialization in the United States include these three functions. In experimental projects of the Ministry of Posts and Telecommunications and NTT in Japan, these are also included as main functions. They all have such clear targets to replace rental videos, mail-order services, and game cassettes, and the size of their potential markets is big. However, all these functions are not going to change the lifestyles of consumers in a major way. They may become a basis for popularization, but will not provide dreams.

Japanese corporations have already developed two world-class multimedia products that have changed the lifestyles of the Japanese people. They are karaoke and video games. Karaoke greatly changed the way middle-aged men and young people spent time, and video games did the same for children. If multimedia is to blossom in the household market, that will be in the form of changing the lifestyles of housewives. It is still unknown whether this will take a form of something like a home station, as in a workstation, or a television-telephone system that dramatizes gossiping among housewives, or a support system for life-time education, volunteer activities, and education for children. But, in any event, unless someone can come up with an application program that grabs the attention of housewives, true popularization of multimedia will not occur.

Whether we can build a multimedia information infrastructure in Japan depends on whether multimedia can win over the hearts of such people as businessmen, bureaucrats, and housewives, who seem to be most removed from multimedia.

Multimedia Comparison With U.S.

952A0486C Tokyo GEKKAN KEIDANREN in Japanese Jan 95 pp 24-27

[Article by Aizu Izumi, chief of research and planning, Hypernetwork Society Research Institute]

[FBIS Translated Text] **From NII to GII**

It has been almost two years since the Clinton-Gore administration took office in January 1993 and presented its "Information Superhighway" plan in the form of NII (National Information Infrastructure). Because of a major defeat in the recent midterm election and a previous failure to pass the bill to amend the communications law in Congress, some people think that NII, which began with great fanfare, is stumbling. A CATV [cable TV] company has announced its plan to conduct an experiment on interactive moving-image networks in cooperation with a regional telephone company, but some believe strongly that it will still take a considerable amount of time to have such networks accepted by households.

Will the "multimedia revolution" end up as a fantasy after all the hoopla created jointly by the mass media, certain industrial sectors, and the government, like the "new media boom" in the past?

Such a possibility cannot be denied. However, when the following signs are taken into account, it seems certain that there will emerge services and goods, for both businesses and people's lives, based on new structures and principles that are totally different from those in the past, and that there will be an expansion of networks on a global scale, not limited to advanced countries.

NII was originally based on a proposal made to the Clinton-Gore administration right before its formation by CSPP (Computer Systems Policy Project), a lobbying group that supported the Clinton-Gore camp in the presidential election, and consists of CEO's (chief executive officers) from 13 companies in information-related industries, such as Apple, IBM, HP [Hewlett-Packard], and Sun Microsystems. In a sense, it may be called the first U.S.-style "industrial policy" influenced strongly by the U.S. industrial circle, especially by the computer industry. Particularly around that time, because of a strong sense of competition against Japan, the plan was presented as a strategic banner to regain and maintain the U.S. competitiveness for the 21st century.

At the same time, the Clinton-Gore Democratic Party administration took up a strategy to promote NII by putting forward a policy to support public interests, rather than to place priority on corporations, and thereby gained nationwide support as another pillar of promoting NII. It lent an ear to proposals made by such individuals as Representative Mitch Kapor (who is famous as an entrepreneur who developed Lotus 1-2-3, a best-selling PC software) from EFF (Electronics Frontier Federation), a citizens' campaign group, and adopted in its "Five Principles" of NII such policies as "guarantee of open access" and "establishment of new universal services" so as to prevent emergence of new class distinctions between information "haves" and "have-nots."

In August 1993 I and some others visited the White House, and exchanged opinions with Special Councilor Michael Nelson, a staff member of Vice President Gore since his days as a senator, who is in charge of administration of NII. At that time, NII had a heavy tone of an industrial policy with an emphasis on competitiveness. When we said that Japan and the United States in cooperation should promote "GII" [Global Information Infrastructure] instead of "NII," Mr. Nelson responded honestly by saying that he well understood such an approach would be the right way, but he could not pursue that avenue, considering the strong anti-Japanese sentiment in Congress.

But, only six months later, in March 1994, Vice President Gore proposed a "GII plan" for the first time when he was invited as a keynote speaker to the "ITU (International Telecommunications Union) Development Conference" in Buenos Aires. This reflected a recovery of confidence by the United States, including the Congress, that the majority of people were aware of the U.S. predominance in leading technologies in the high-tech area in the world, especially in computers, semiconductors, and networks. By extending NII from the domestic scene in the United States to all over the world, a consensus seems to have been formed to expand the markets for superior U.S. technologies and products throughout the world.

Vice President Gore also stressed that establishment of an advanced information infrastructure would promote economic growth and bring major benefits to developing countries as well. According to a conventional economic theory, telecommunication was supposed to spread based on progress in economic growth, and few believed that it alone was effective in promoting economic growth. The "GII plan" reversed this tenet and is noteworthy because it propounds a theory that an information infrastructure can bring about growth.

Along with this economic effect, Vice President Gore also proposed "promotion of participatory democracy." I think there were some countries that felt awkward with this proposal, which seemed like an imposition of an American value, but on the surface, the GII plan as a whole was received favorably by most countries. At the Naples Summit in July, G-7 agreed to hold a cabinet-level conference on GII, which is scheduled to be held in Brussels in February 1995. At last, therefore, "streamlining of an information system" has been put on a center stage in the international political arena for the first time in history.

Japan Is Falling Behind in the Internet

Some people in Japan fear that GII is a manifestation of a hegemonic intention of the United States to control the world with its own technologies and standards, and caution not to succumb to this conspiracy. They worry how GII will affect the sale of Japanese technologies and products. Certainly, we cannot deny the overwhelming superiority of current U.S. technology in the areas of computers and networks. Because of its economic success in the 1980's, Japan became complacent, and hasn't made much effort in the development, application, and spread of technologies, both basic and applied, in the areas of computers and networks. Japan is way behind the United States in terms of various indicators, such as the rate of installation of personal computers in offices, and the level of networking of personal computers through LAN's [local area networks]. In terms of the spread of the Internet based on GDP indicators, it is further behind the moderately industrialized countries in Asia and Eastern Europe.

Honestly speaking, however, it is wrong to accuse the United States of an alleged hegemonic intent by sidetracking Japan's tardiness due to its own doing. They need to recall what Japan said in criticizing the U.S. Big Three when the trade friction over automobiles became an issue.

Also, in the process of standardizing the Internet, suggestions and developments of superior technologies have been made quite openly on a worldwide basis, making it practically impossible for any one nation or corporation to pursue its own benefits. There is a system ready to accept individual efforts internationally. Therefore, I must say that this area clearly shows the tardiness and superficial understanding by Japanese corporations.

Focus on Reality, Not on Authority

What caused this tardiness? Simply put it, one cause has something to do with "authoritarianism" [in Japan]. Especially in the area of networks, when the flow of international standardization shifted from "OSI" [open systems interconnection] standards that were traditionally led by the government and big companies to the

"Internet" that is led by end users, there was a big delay in reorienting thoughts among leaders in the business and academic communities. When the Internet-style networks began to find practical applications at the time of downsizing from mainframe computers to work stations and personal computers, those specialists who were sticklers to the conventional paradigm of technologies rejected the Internet for its lack of safety, efficiency, and reliability. Even at such specialized telecommunications companies as NTT, this kind of thinking has been prevalent up until recently.

But, as is clear from recent trends in the United States, the mainstream idea is that the basic model for the "information superhighway" is networking among computers and that its foundation is the current Internet. It seems safe to say that the Internet is the most practical network for multimedia at present. By networking personal computers that already exist in corporate offices, and by making it possible to communicate not only internally but also outside a company, business efficiency will improve by leaps and bounds. We must recognize that, because of the realization of this potential by industrial circles in the United States, the NII plan is being promoted as a realistic policy. Japan should have focused on the reality, not on the authority.

Seeing Is Believing

Japanese corporations in fact are still very much behind the times. Only this year, a growing number of large companies in the information-related industries began to install internal E-mail networks and connections with the Internet. But those in mid- and upper-level management, who are at the center of corporate activities, are still very much allergic to keyboards; not many are progressive enough about networks by themselves. Those at the top-management level are probably beginning to understand the importance of networks, but the number of those who can operate personal computers freely on their own and recognize the new trend in networks seems to be extremely small. Here, too, the gap between Japan and the United States is unmistakable.

For American executives, especially leaders in the high-tech industry, it has become an extremely common practice to use E-mail by themselves. This is very different from the practice [in Japan] where the majority of division and section chiefs are asking their female "assistants" to type up documents.

If you can use the Internet at your command, you are now able to do many other things beside E-mail. A gap in action and understanding of top-level management in this area shows up as a gap in the timing and speed of decision-making in seizing new trends. This is also a difference between whether you can grasp accurately the user-customer's viewpoint and whether you use somebody else's information to estimate it. As they say, "seeing is believing"—the most important thing in streamlining an information system is your own experience. "Seeing" is not enough; instead, the word should be replaced by "experiencing."

Create New Management and Industries

Although it is also important to demand deregulation to the government, it seems more important to examine on your own and challenge new paradigms in a bold way. It seems that the business sector as a whole needs a fundamental restructuring.

We cannot praise enough the achievements of managers in the past who rebuilt Japan from the ruins at the end of the war to become a world-class economic power. But what is required of Japan from now on is not to rest on its laurels but to create new management, as if to start from the scratch, in anticipation of completely new industries and civilizations. If I may say, despite a fear of being misunderstood, I believe that a litmus test for this is how well we can use computer networks. Those who succeed in this endeavor will become new managers and creators of new industries.

Information Network, IPR Viewed

952A0486D Tokyo GEKKAN KEIDANREN in Japanese Jan 95 pp 30-32

[Article by Katsuhiro Yamaji, deputy director, Fujitsu Legal and IPR Division]

[FBIS Translated Text] An information infrastructure, multimedia, and other key words are crowding newspapers and magazines. This is because there has been a lot of progress in digital data processing technologies in recent years, creating an environment that makes it easy for anyone to use various kinds and quantities of contents in digital format, including music, still-images, and motion pictures.

Multimedia in the computer world was born out of the process of improving communications between men and computers, and is an inevitable course of development to get close to human emotions. Such development to get close to human emotions has happened in industries other than computers, as well. For example, in the movie industry, silent film was developed into talkies, and then to color movies. In broadcasting, development was made from radios to black-and-white TV, and then to color TV.

In computers, we were able to process only words and numbers initially. But, in the 1980's we began to be able to process graphics, and in the 1990's we are beginning to be able to handle multiple media of expression (sound, still-images, and motion pictures).

Although on-line communications using CD-ROM's as recording media for contents are the mainstream in Japan at present, PC-based on-line communications are also being used to sell computer programs and music data as well as to distribute free software programs. But, the existing information infrastructure is not adequate for transmitting motion pictures comparable to those in TV broadcasting, and therefore establishment of an information infrastructure is greatly hoped for. At the international level, as well, establishment of an information infrastructure is a major item for study at a G-7 summit in February 1995; an environment that will enable anyone to receive and send multimedia contents is about to be built internationally.

This article examines not only those issues relating to multimedia's usage of contents, but also those relating to intellectual property rights, which need to be taken into consideration in building an information infrastructure where such contents will be circulated.

Changes That Result From Establishment of an Information Infrastructure

Because of multimedia's use of contents and establishment of an information infrastructure, methods of expressing contents will diversify in terms of manner of use and distribution. In methods of expression, for example, it will be simple to use multiple media, and by using computer programs, it will be possible to express interactively a set of such various kinds and quantity of elements as sound, still-images, and motion pictures. In terms of manners of usage, computers will make it easy for users to manipulate the contents received in many different ways. And, in terms of manner of distribution, it will be easy to receive contents from new distribution channels, such as telecommunications and broadcasting stations, and by using electronic distribution channels, anyone can provide those contents that used to be distributed by a limited number of organizations, such as publishing companies.

An example of information infrastructure services being developed at present is an electronic library. A conventional library acquires books and other materials recorded on CD's [compact disks] and videotapes, and lends them to users or makes them available for reference. An electronic library will let users obtain digitized information available to the public through on-line services from anywhere in the world. Books and other materials recorded on CD's and videotapes are stored in databases in their original form or as translated or in the form of braille, and are transmitted to users, who in turn convert them through their terminal devices to display, manipulate, print, or listen.

Issues Regarding Intellectual Property Rights

As discussed above, there are many on-going technological studies. Along with the establishment of an information infrastructure, however, there are several legal issues to be solved. Among them, two issues relating to intellectual property rights are discussed here.

Copyright Issues Regarding Contents Distributed Through the Information Infrastructure

Copyright issues regarding contents can be categorized as those pertaining to digitization, multimedia development, and networking.

1. Digitization

As digitization may increase copying or adaptation without permission, and thus cause a loss of sale of reproductions, it creates problems that require studies. This also relates to an issue of how to improve the effectiveness of exercising the rights for copyrighted materials stored in digital form against copying and adaptation by users. Studies need to be done on introduction of a system of assessing compensation, regulating devices and services that circumvent or disable copy-protect features, attaching information on copyright control to copyrighted works, and so on.

In addition to effective methods to exercise copyrights, studies also need to be done on how to accommodate users. For computer programs, for example, the Copyright Act permits creation of a backup copy for storage in case of loss or damage. However, there is an issue of whether to permit such copying for all information stored in digital form. Under current law, and with regard to the above-mentioned electronic library, permission from a copyright holder is necessary to store a book or its translation or braille in a database and to make a backup copy of this database.

2. Development of Multimedia

In creating programs for multimedia, and due to such various factors as production efficiency and marketability, it is possible that some people want to use existing materials that have been copyrighted by other people. These materials are easy to use, technically. But, when you want to use a variety of copyrighted materials, you may run into difficulty ascertaining who holds the copyrights. And, even if the copyright holders are located, there are often many uncertainties regarding rules as to what kinds of uses are permitted, and fee schedules for various kinds of usage. Therefore, it is necessary to devise some method to locate copyright holders and to make rules as to standard usage. Studies also need to be done on the possibility of centralized processing of copyright clearances.

3. Networking

As it becomes easy to receive and use copyrighted materials owing to distribution of these materials through networks, opportunities to infringe on intellectual property rights will increase. On the other hand, studies must be made on how to make it convenient to use networks. For example, under the current Copyright Act, copying and borrowing of books at libraries are permitted, but receiving and downloading data from an electronic library at the user's terminal devices require permission from the holders of the rights each time, limiting the level of convenience for users.

Problem of Ensuring Interoperability in Building an Information Infrastructure

Along with the copyright issues regarding the data exchanged through an information infrastructure, there is a problem of ensuring interoperability among machines that process these contents.

In building an information infrastructure, interoperability of machines, services, and contents must be ensured. In other words, no matter which supplier's products, services, or data are being used, users must be guaranteed to be able to achieve their original objectives and functions. Standardization has been promoted for some of the technologies that are used in providing products, services, and contents. But, unless these standardized technologies can be freely used by all suppliers of products, services, and data, such standardization efforts have little meaning. If intellectual property rights in the technologies adopted for standardization are exercised arbitrarily, the spreading of such standardized technologies themselves may stop. We must make it possible to use standardized technologies with intellectual property rights without any discrimination at no charge or according to rational rules.

Also, when a de facto standardized technology is used in an information infrastructure prior to standardization of the technology through some standardization agency, an arbitrary exercise of the intellectual property right in the technology may be used to monopolize the market. For the technology to be used indiscriminately according to rational conditions, enforcement of the Antimonopoly Act or some other measures should be considered. In addition, studies need to be made on the possibility and significance of establishing an institution to secure and maintain inter-operability and to solve problems associated with it.

Create a System Suitable for Japan, With a View to International Harmonization

In building an information infrastructure and to ensure supply of contents through this infrastructure, it seems absolutely necessary to protect intellectual property rights of contents from piracy by streamlining the legal system and using it. On the other hand, because of new ways of using contents, thorough consideration should be made to strike a balance between protection of the holders of the rights to contents and the users of these contents.

Also, through ensuring interoperability of such components of an information infrastructure as machines, services, and contents, the number of options for users will increase, and competition will drive down the prices, leading to an increase in the number of users and expansion of the market. As a result, suppliers of products, services, and contents can expect their profits to increase.

Some people have an impression that studies relating to building of an information infrastructure are being spearheaded by the U.S. government and some industries in the United States according to their own visions. As an information infrastructure should be established on an international scale, it is hoped that, with a view toward international harmonization, thorough studies will be made on public interests to be derived from the establishment of an information structure in the cultural and industrial climate of Japan, and that the legal system concerning intellectual property rights and others will be streamlined.

North Korea

Need for Peace Mechanism With U.S. Reiterated

SK1205111595 Pyongyang KCNA in English 1103 GMT 12 May 95

["More Measures Will Be Taken for Establishment of Peace Mechanism, Foreign Ministry Spokesman" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 12 (KCNA) — The DPRK reiterates that it will continue to take measures needed for establishment of a peace mechanism, whether the United States wants it or not, declares a spokesman of the Foreign Ministry of the Democratic People's Republic of Korea in a statement issued today.

The statement says:

The Panmunjom mission of the Korean People's Army, upon authorization, issued a statement on May 3 declaring that it would seal the DPRK-controlled buildings of the Neutral Nations Supervisory Commission, prohibit no one from entering the DPRK side portion of the joint security area in Panmunjom and take measures concerning the status of the Demilitarized Zone (DMZ) if the United States continues to connive at the South Korean puppets' reinforcement of Armed Forces and military provocations in the DMZ.

This unavoidable step was adopted because the United States continues to use the outdated armistice system for their sinister purpose on the Korean peninsula while ignoring the DPRK-proposed establishment of a new peace mechanism and taking a stand against it.

This being the fact, the United States manipulated a spokesman of the State Department and a spokesman of the "U.N. forces command" to take issue with the step of the DPRK and mislead public opinion, claiming that the DPRK is "abrogating the Armistice Agreement" and that they are not a party responsible for establishment of a peace mechanism.

It is a stark historical fact that without any prior agreement with the DPRK, the U.S. has unilaterally broken the Armistice Agreement. In view of this fact, their vilification is every inch absurd and unreasonable.

It is not the DPRK but the United States that has broken the Armistice Agreement.

The United States has systematically violated the Armistice Agreement. In June 1956, it expelled from South Korea inspection teams of neutral nations that were implementing paragraph 40 and paragraph 43 of the Armistice Agreement. In 1957, it unilaterally abrogated sub-paragraph 13 D of the Armistice Agreement which bans introduction into Korea of reinforcing combat equipment.

Moreover, it appointed a "general" of the South Korean Army as senior member of the "U.N. forces" side in 1991 without any legal ground and completely paralysed the armistice watch body.

This nominal armistice watch body could no longer guarantee peace and security on the Korean peninsula. That is why the DPRK could not but take a step to prevent war and defend peace by establishing a new peace mechanism to replace the old armistice system destroyed by the U.S. side.

The DPRK and the U.S. are directly responsible for establishment of a peace mechanism on the Korean peninsula, and no one else is justified in meddling in it.

Since it is the U.S. that is a signatory to the Armistice Agreement and is virtually taking the operation control of the Army in South Korea, the replacement of the armistice system with a peace mechanism should be resolved between the DPRK and the U.S.

The fact proves that the U.S. cannot shirk this responsibility in any case.

In view of the general situation prevailing in the Korean peninsula, it has become a pressing issue to establish a peace mechanism between the DPRK and the U.S.

What is the chief obstacle to the implementation of the DPRK-U.S. framework agreement is that the U.S. has persistently pursued a hostile policy towards the DPRK. This indicates that if the framework agreement is to be implemented properly, a new peace mechanism should be established, first of all, in place of the armistice system which defines the bilateral relations of the DPRK and the U.S. as those of hostile parties.

I consider that nothing is more important and urgent now than the establishment of a peace mechanism in the Korean peninsula and it is high time that the two countries sincerely discuss this issue to seek a solution.

Whether the U.S. wants a new peace mechanism or not is the criterion telling whether it wants war or peace.

It is only too natural that if the U.S., ignoring our proposal for the establishment of a peace mechanism, continues arms buildup and military provocations in the Demilitarized Zone with the South Korean puppets, it will invite appropriate countermeasures.

Such a stand of ours remains unshakable.

Daily Criticizes U.S. Sanctions on Iran

SK1205104095 Pyongyang KCNA in English
1035 GMT 12 May 95

|"The U.S. Cannot Bring Iran to Its Knees" — KCNA headline|

|FBIS Transcribed Text| Pyongyang, May 12 (KCNA) — The new economic sanctions against Iran have been rejected by many countries as soon as the United States made public the measures. With any sanctions can the U.S. never bring the Iranian people to their knees.

NODONG SINMUN today says this in an article titled "U.S. Economic Sanctions Against Iran Under Fire."

The author of the article says:

After making public the measures, the U.S. has wanted other countries to join it in taking economic sanctions against Iran, but to no effect.

Russia has refused to cancel the light water reactor contract with Iran, heedless of the U.S. measures, while China does not hail the U.S. sanctions.

The U.S. economic sanctions have been cold-shouldered also by Middle East countries and its allies such as Britain, Germany, France and Turkey.

The fact shows the days have gone when the U.S. was high-handedly forcing its will on others with strength and its "big stick" is no longer available.

ROK Accused of 'Military Provocation' at Border

Plane Infiltrates Airspace

SK1105152795 Pyongyang KCNA in English 1518 GMT 11 May 95

[FBIS Transcribed Text] Pyongyang, May 11 (KCNA) — The South Korean puppets illegally infiltrated a fighter plane on a hostile mission into the airspace above the lower reaches of the Han River in the North side around 10:30 today.

This is a deliberate and premeditated grave military provocation aimed at driving the situation on the Korean peninsula to the danger line.

In another development, they fired large-calibre machine guns at a post of the North side in the central sector of the front today.

Bullets fired by them fell near the post of the North side, gravely threatening the safety of civil policemen who were on routine duty to defend the forefront of the socialist motherland.

It was entirely because the civil policemen of the North side displayed a high degree of self-control that the military provocation did not develop into armed conflicts between the two sides.

The soldiers of the Korean People's Army are in full preparedness and sharply watching the movements of the enemy to cope with ceaseless reckless military provocations of the South Korean puppets in the Demilitarized Zone.

If the Kim Yong-sam fascist clique continuously resorts to military provocations against the nation's desire for reunification despite the repeated warnings of the North, it will face a severe punishment.

ROK Soldiers Fire Across Border

SK1105125795 Pyongyang Korean Central Broadcasting Network in Korean 1215 GMT 11 May 95

[FBIS Translated Text] Today the South Korean puppets perpetrated a grave armed provocation by firing large-caliber machine gun shots against our side's guardpost in the central section of the frontline.

At around 1415 today the puppets stationed at a military police guardpost inside the DMZ south of Military Demarcation Line Marker No. 0884, in Oho-ri, Kimhwa County, fired large-caliber machine gun shots against our side's civil police post on the opposite side.

Many shells shot by the puppets dropped near our side's guardpost, and as a result the lives of our side's civil policemen, who were on routine duty defending the frontline guardpost of the socialist fatherland, were threatened gravely.

This military provocation by the rascals did not expand into armed conflict between the two sides entirely because our civil policemen showed a high degree of restraint.

This rifle firing by the South Korean puppets is a premeditated provocation maneuver to deliberately intensify the situation and thus bring North-South confrontation to a very dangerous state.

Our People's Army soldiers are keenly watching the enemy's movements, assuming a posture of full readiness for the South Korean puppets' reckless military provocations repeatedly perpetrated inside the DMZ.

If the fascist Kim Yong-sam clique, challenging our nation's earnest desire for reunification, continuously clings to the war provocation maneuvers despite our repeated warnings, the rascals will not be able to escape from stern punishment.

NODONG SINMUN: ROK Exporting Orphans

SK1205051195 Pyongyang KCNA in English 0455 GMT 12 May 95

["NODONG SINMUN on S. Korea's 'Export of Orphans'" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 12 (KCNA) — Seven South Korean children who should be loved most in family and society were sold over to alien lands on May 5, "Day of Children."

In this regard, NODONG SINMUN today says it is a tragedy bringing a shame to the nation that the children, who could not even know that they were orphans and why and where they were taken were sold by orphan merchants and brought to foreign countries.

The analyst says:

"Export of orphans" has been institutionalized as means of money-making from a long time ago in South Korea.

According to an understated figure made public by the South Korean puppets, more than 180,000 orphans have been "exported," thousands of orphans each year.

This is a product of the successive South Korean rulers' anti-popular policy. The problem of orphans has become all the more serious in South Korea by the Kim Yong-sam group.

In South Korea under administration of the "civilian" traitor, a large number of children are orphaned every year. Once a former dictator of South Korea said "export of orphans" would be prohibited. But the traitor Kim Yong-sam has sold off orphans to foreign countries like goods, blaring that "it is difficult to support them."

Intolerable is the crime of the traitor Kim Yong-sam, who is pursuing traitorous politics of making many children orphans and selling them for foreign currencies.

Kim Yong-sam's 'Hypocritical Speeches' Decried

SK1205044495 Pyongyang KCNA in English
0433 GMT 12 May 95

["Last-Ditch Effort of Those Cornered" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 12 (KCNA) — The traitor Kim Yong-sam was quoted by a Seoul-based radio on Wednesday as saying he would play some "role" for "victory in the June local elections."

By this, he meant he would resort to all sorts of irregularities, swindle, appeasement and deception for "victory" of the "Democratic Liberal Party" (DLP) in the "elections."

Touring Taejon, Pusan and some towns in South Kyongsang Province, Kim Yong-sam is making a fuss with hypocritical speeches that he would solve all the problems the people want.

This hypocritical "election" campaign is a crafty trick to win more votes for the "DLP."

The Kim Yong-sam group is employing every conceivable means and method in an attempt to create a favorable phase for the "DLP" in the "local autonomous body elections," but this is a last-ditch effort of those who are cornered.

The South Korean people who have already spat at the "civilian government" will pass a stern judgement on the Kim Yong-sam group in the upcoming "elections."

Kim Yong-sam Criticized in South on Explosion

SK1105152395 Pyongyang KCNA in English
1506 GMT 11 May 95

[FBIS Transcribed Text] Pyongyang, May 11 (KCNA) — South Korean people bitterly denounced the Kim Yong-sam group for causing the gas explosion at the subway construction site in Taegu in April.

On April 29, the day after the accident, bereaved families of the victims thronged to the Talso District office in Taegu and protested against the inhumane attitude of the puppet authorities in dealing with the accident. It is said that the authorities forced the bereaved families to share the burden for the funeral of the victims, though the accident resulted from their anti-popular policy.

The Democratic Party, the New People's Party and the liberal democratic coalition lodged strong protests with the "Democratic Liberal Party" on April 28, the day of the accident, saying they could hardly repress consternation and resentment at the accident. Some 50 delegates of the National Alliance for Democracy and Reunification and the Preparatory Committee of the Democratic Federation of Trade Unions urged the traitor Kim Yong-sam to apologize for the accident.

The Democratic Party demanded that the traitor Kim Yong-sam apologize, the puppet prime minister and three "ministers" concerned be dismissed and those responsible for the accident be severely punished.

At a recent rally to launch the third-term leadership of the South Korean Federation of General Student Councils, an estimated 50,000 students vowed to combine their fight for the investigation into the accident and the punishment of those responsible with their movement to topple the Kim Yong-sam regime.

The South Korean newspapers CHOSON ILBO, TONG-A ILBO, HANGYORE SINMUN and KYONGHYANG SINMUN described the gas explosion in Taegu as a disaster caused by the anti-popular crimes of the puppet authorities and a sequel of the recently continued big accidents.

NODONG SINMUN Text on ROK Labor Struggle

SK1205021395 Pyongyang Korean Central Broadcasting Network in Korean
1222 GMT 11 May 95

[NODONG SINMUN 11 May commentary: "Fascist Violence Aimed at Obliterating the Labor Movement"]

[FBIS Translated Text] The Kim Yong-sam fascist clique has launched a wholesale roundup of leading members of dissident labor movement organizations. The puppets have ordered suppressive forces to arrest nine leading members of the dissident labor movement organizations — including Pak Kyong-ho and Kwon Yong-kil — and are madly engaged in their roundup, letting out a squawk that the dissident labor movement organizations show signs of linking their struggle for wage hikes with the local autonomy elections.

This is another premeditated fascist outrage aimed at stamping out the ever-growing labor movement by putting leading members of the dissident labor movement organizations in fetters.

We strongly denounce the Kim Yong-sam ring's fascist suppression of the South Korean dissident labor movement organizations and brand them an intolerable challenge to the entire South Korean people and a form of violent despotism by the civilian fascist group.

The wage hike struggle of the South Korean labor movement organizations is natural. It can never be a target of harsh suppression. The South Korean workers are suffering from deadly-long working hours and harsh working conditions, are working in a place where they could die at any time due to industrial disasters, and are ignored like cows and horses. Still, they receive the lowest wages in South Korea. There are no workers like the South Korean workers who are plagued with no political rights at all.

South Korea is such a gruesome working place that even the international labor watch organ has deplored the fact that there is no place like South Korea where the workers' labor rights, such as labor's three primary rights, are brutally trampled upon.

The South Korean workers are rising up for the struggle, no longer able to bear the hardships and lack of political rights, which is a byproduct of the Kim Yong-sam ring's antipopular evil law. Indications that the South Korean labor movement organizations are linking their struggle for wage hikes with the forthcoming local autonomy elections are the righteous activities of trade unions taking part in politics. These activities must not be criminalized.

Nevertheless, the Kim Yong-sam group is intensifying the suppression of dissidents of the labor movement, calling the righteous activities of trade unions illegal. Where else in the whole world could there be an equally treacherous, brazen-faced, and vicious fascist tyrant group? This clearly shows that the Kim Yong-sam group is the archenemy, and the South Korean people cannot live under the same sky with it.

The fascist clique's intensified suppression of the dissident labor movement is motivated by an intention to nip the spring bud for the struggle of trade unions on wage hikes, so that their struggle cannot develop as a massive solidarity struggle for defeating the candidates of the Democratic Liberal Party in the forthcoming local autonomy elections. In addition, it is a vicious scheme to hinder, with bayonets, the workers' formation of democratic lines.

Brandishing a fascist sword can never amount to anything, and is the last action of the dying. South Korean workers who realize that only evil consequences will be brought upon them if the Kim Yong-sam ring is left intact, will never tolerate the Kim Yong-sam ring.

If the Kim Yong-sam ring wants to avoid heavy blows from angry workers, it must act with discretion and immediately stop the roundup of dissident figures of the labor movement.

Kyongbuk, Yongnam University Protests Noted

SK1205044895 Pyongyang KCNA in English 0436 GMT 12 May 95

["South Korean Students Fight Against Puppet Clique" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 12 (KCNA) — Students of Kyongbuk National University and Yongnam University staged a demonstration against the outrages of the puppet clique at dawn on Thursday, according to a radio report from Seoul.

At dawn, the puppet clique herded out 18 heavily armed companies of combat police and forcibly removed the monuments to the victims of the "case of the committee for rebuilding the people's revolutionary party" which were erected at Kyongbuk National University and Yongnam University.

Enraged at this, the students who were already in the campuses to defend the monuments waged demonstrations, pelting stones at the tear gas firing combat policemen.

The puppet clique illegitimated the memorial service for the victims of the "case of the committee for rebuilding the people's revolutionary party" held at Yongnam University on April 9 and is trying to punish those involved in it on the charge of the violation of the "National Security Law". But dissident organisations and students have strongly accused the puppet clique of fabricating "pro-communist case".

Hanchongnyon Resolution on Judging ROK Regime

SK1105112895 Pyongyang KCNA in English 1006 GMT 11 May 95

[FBIS Transcribed Text] Pyongyang, May 11 (KCNA) — A resolution of one million students under the South Korean Federation of General Student Councils (Hanchongnyon) to judge the Kim Yong-sam "regime" and achieve national reunification was adopted and made public with the unanimous support of the participants in the inaugural meeting of the third-term "Hanchongnyon" held in Taegu, South Korea from May 4 to 6, according to a report.

The resolution says that the youth and students in the North, the South and overseas should firmly unite under the banner of the National Alliance of South and Students for the Country's Reunification to successfully open the movement of the youth and students for declaration of reunification, June 3 meeting and August 15 meeting, so as to strengthen the great unity of the nation in every way and realise a meeting of the youth and students in the South, the North and overseas.

It is natural to reunify the country by means of confederacy, says the resolution. It lays stress on doing the vanguard role of the youth and students in reaching a national agreement on it.

Saying that the "National Security Law" [NSL] and the Armistice Agreement are a political and military barrier blocking the reconciliation and great unity of the nation, the resolution calls upon the youth and students to make every effort to abolish the "NSL", guarantee free travel and dialogue of the nation, abrogate the Armistice Agreement, conclude a peace agreement and ensure a peaceful environment on the Korean peninsula.

The resolution calls for making the "local autonomy elections" a public trial court for the Kim Yong-sam "regime" and keeping national fair and square spirits by lifting all-people's voices for probe into the truth behind the May 18 incident and punishment of the principal culprit.

The resolution calls upon one million students to pool their patriotic enthusiasm and will under "Hanchongnyon" and realise the unity and cohesion of the one million and create a brilliant history of realising reunification in the 90s.

Campaign for ROK Prisoner Repatriation Viewed

SK1105122495 Pyongyang KCNA in English 1028 GMT 11 May 95

[FBIS Transcribed Text] Pyongyang, May 11 (KCNA) — The Korean Committee of the Measures for the Rescue of Unconverted Long-Term Prisoners in South Korea issued an information today on the on-going vigorous campaign of people in the North, the South and abroad for the repatriation of Kim In-so, Ham Se-hwan and Kim Yong-tae, unconverted long-term prisoners, to the northern half of Korea.

The information says:

A joint symposium of jurists and Red Cross officials was held in Pyongyang on March 9. The participants denounced the South Korean puppets' detention of the unconverted long-term prisoners who are prisoners of war for more than 40 years as an intolerable challenge to the international law and regulations on humanitarianism, the Korean Armistice Agreement and the world declaration on human rights. They also bitterly accused the South Korean puppets of using the issue of unconverted long-term prisoners for a sinister political purpose.

The Secretariat of the Committee for the Peaceful Reunification of the Fatherland, the Central Committee of the Red Cross Society of the DPRK and the Korean Human Rights Study Society jointly called a press conference on April 21 concerning the repatriation of the unconverted long-term prisoners to the North.

The press conference heard letters from the unconverted long-term prisoners in South Korea to their families and relatives. The home and foreign reporters present at the press conference vowed to build broad public opinion for the repatriation of the unconverted long-term prisoners.

The families of the unconverted long-term prisoners in the northern half of Korea sent letters to the Council of Human Rights Organisations, the Bar Association for Democratic Society, the Council of Family Movement for Realising Democracy, the National Council of Christian Churches of South Korea, the South Korean Buddhist Committee on Human Rights and other organisations of South Korea in mid-March and letters of request to the fourth International Christian Consultative Conference on Peace and Reunification of Korea held in Kyoto, Japan, and an International Conference for the Repatriation of South Korean Unconverted Long-Term Prisoners held in Paris.

On the 17th of January, the South Korean Buddhist Committee on Human Rights called the inaugural meeting of a 20 million signature campaign for the repatriation of unconverted long-term prisoners and a press conference.

On the occasion, the panel maintained that "the repatriation of unconverted long-term prisoners should be realised at an early date both in view of humanitarianism and in view of national reconciliation and unity."

The Kwangju Committee on Human Rights of the National Council of Christian Churches of South Korea made public a letter from Kim Yong-che, son of old Kim Yong-tae, to his father and a letter from the old Yi In-mo to Kim Yong-tae, and urged the authorities "to send Kim Yong-tae to his family in the northern half of Korea."

A repatriation campaign is being conducted among broad segments of overseas Koreans.

On March 1, Korean residents in the European region inaugurated the "Society for Promoting Repatriation of Unconverted Long-Term Prisoners Kim In-so, Ham Se-hwan and Kim Yong-tae" and declared that they would intensify the work for solidarity with organisations of Koreans in the North, the South and overseas and international organisations fighting for their repatriation.

In particular, the "Society for Realising the Repatriation" under the General Association of Korean Residents in Japan (Chongnyon) in a written request to the president of the South Korean Red Cross on February 7 asked him to repatriate the unconverted long-term prisoners as early as possible on the basis of the humanitarian idea and convey as soon as possible to them padded quilts and pajamas which it had sent to the South Korean Red Cross at the end of last year. It urged him to inform it of the results.

It also dispatched its delegate to the 51st meeting of the U.N. Commission on Human Rights and roused international public opinion to the work for their repatriation.

Delegates which participated in the third meeting of the presidium of Pomminnyon in Beijing declared that they would do their best to make the unconverted long-term prisoners repatriated within this year through an all-people solidarity struggle.

Organisations and groupings of different countries denounced the inhuman acts of the South Korean authorities in blocking the repatriation of Kim In-so, Ham Se-hwan and Kim Yong-tae and urged them to take measures to return them to the North at an early date.

An International Meeting for the Repatriation of South Korean Unconverted Long-Term Prisoners held in Paris on April 22 adopted a resolution to send an international group to probe the actual conditions of the South Korean unconverted long-term prisoners and an action programme of the international committee for the release and repatriation of the South Korean unconverted long-term prisoners.

As seen above, voices of Koreans in the North, the South and overseas and progressive people of the world for the return of the unconverted long-term prisoners Kim In-so, Ham Se-hwan and Kim Yong-tae in South Korea to their hometowns in the North have risen higher than ever this year. It is now a matter of international concern.

The South Korean authorities must at once stop laying obstacles in the way of repatriation of unconverted long-term prisoners and take an immediate measure to return them to the North where their family members and relatives are waiting for them, counting on their fingers.

Japan Called 'Hotbed' for Nuclear War

SK1205092995 Pyongyang Korean Central Broadcasting Network in Korean 0654 GMT 11 May 95

[Unattributed talk: "Japan Is a Hotbed of a Dangerous Nuclear War"]

[FBIS Translated Text] As has been already reported, the Japanese reactionaries have finally introduced into Japan a huge amount of plutonium from France in spite of the strong protest and denunciation of the world's peace-loving people.

At the present moment, the whole world is raising its voice of denunciation against this, while casting a vigilant eye on Japan's nuclear armaments.

The Japanese reactionaries are frantically accelerating their nuclear armaments under an extremely ambitious plan to become a nuclear power, while running counter to the current of the times running in the direction of reduced tension, disarmament, and peace.

Above all, the Japanese reactionaries are stockpiling a vast amount of plutonium.

Japan now has enough plutonium to manufacture over 3,000 atomic bombs, each of which is equivalent to the one dropped on Nagasaki.

It is said that when a nuclear fuel reprocessing plant that Japan is now building is completed in 1999, 8 tonnes of plutonium will be produced by this plant alone, and that Japan is planning to stockpile 100 tonnes of plutonium in the future.

With such an amount, one can manufacture more than the number of warheads the United States and the former Soviet Union have combined.

At the present moment, the Japanese reactionaries are claiming that their stockpiling of plutonium is aimed at using it for peaceful purposes (?in times of peace). This notwithstanding, their claim is nothing but propaganda aimed at calming worldwide concern over their nuclear armaments.

THE CHRISTIAN SCIENCE MONITOR, a U.S. newspaper, has exposed the fact that although Japan is claiming that it will use plutonium for peaceful purposes, the country's stockpiled amount of plutonium far exceeds the amount that could be used for such purposes, while adding that Japan intends to manufacture nuclear weapons.

Japan has not only been equipped with the facilities to manufacture nuclear weapons, but also has developed even the means of delivering nuclear warheads.

occasion of the birth anniversary (April 15) of the great leader President Kim Il-song.

A meeting was held in Vienna, Austria.

Speakers at the meeting said President Kim Il-song devoted his all for the people and was always mixed with the people from the first day when he had taken the road of revolution to the last moment of his life.

Noting that President Kim Il-song was a great statesman who was held in high esteem not only by the Korean people but by the peoples of the world, the speakers said it is thanks to President Kim Il-song that the people who had been colonial slaves in the past have become the masters of an independent state today.

They said the Korean people under the wise guidance of His Excellency Kim Chong-il, the successor to President Kim Il-song, are blessed with the great leaders.

Various functions including lecture meeting, photo exhibition and seminar took place in Medellin of Colombia, Kherson of Ukraine, the Left Revolutionary Union of Peru and Libya. [sentence as received]

Foreigners' Admiration for Kim Il-song Noted

SK1205075595 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 8 May 95

[FBIS Translated Text] Three hundred days have elapsed and it is now 10 months since we heard the sad news that the great leader Comrade Kim Il-song passed away, which came as a great surprise to us.

Even the heaven sent thunder and lightning and shed tears, and mountains and rivers trembled and shared the pains of the loss with us. During the 300-odd days since that time, we greeted the new year amid great sorrow and saw off April with irresistible yearning. During this period, the unanimous faith that the great leader Comrade Kim Il-song is with us forever has been further consolidated in the hearts of our people and the world's people.

People in airplanes, in deep-sea fishing vessels, and in the place where people were delivering fervent speeches shared the pains and sorrow of the loss with our people, transcending differences in political views, religion, and systems.

As of 14 September 1994, 137 leaders of the states and heads of government from nations in Asia, Africa, Europe and the American continents, including China, Cambodia, Switzerland, Congo, the United States, and Japan, sent messages of condolence to the great leader Comrade Kim Chong-il, to the Workers Party of Korea Central Committee, to the Central People's Committee, and to the Administration Council on the occasion of the respected leader's death. In addition, 224 leaders of political parties sent condolence messages representing their parties.

Besides, political parties and public organizations in many nations convened emergency meetings on the occasion of the respected leader's passing away, and announced public notice and solemnly observed events of mourning for the respected leader.

As the time and days elapsed since the time when the people mourned the great man amid the atmosphere of worldwide mourning, the yearning for him is increasing in the hearts of mankind, and led people to the Mansudae Hill.

In the past 10 months since he passed away, the total number of people, including our people, foreigners, and overseas compatriots, who visited the respected leader's statue respectfully set up in the Mansudae Hill is 34,728,000. The number of flower baskets laid in his statue reached 25,230, and the number of bouquets is simply countless.

Included in these numbers are more than 33,800 foreigners and overseas compatriots in 3,500 groups. The number of foreigners who visited his statue to express condolence on the single day of 18 April is 2,740 in 105 groups.

The yearning of mankind for the great leader ran through to Pyongyang, like a river, on the occasion of April spring this year, and colorful events marking 15 April were held throughout the whole world. Under this atmosphere, the ranks of the participants in the April friendship art festivals constantly headed for the Mansudae Hill.

(Yigna Yudmira Georgiyev) from the Russian folk dance troupe, who had the honor of staging the performance under the presence of the great leader, said: The respected Comrade Kim Il-song was the greatest father and a close friend of us all. No one can be compared to the great leader in terms of ideology, theory, leadership art, and morality. He lives in our hearts forever.

The guests who participated in the Pyongyang international sports and cultural festival for peace, champions of world pro-wrestling and pro-boxing circles, and about 10,000 members of tourist groups from many world nations visited the great leader's statue set up in the Mansudae Hill with flower baskets and bouquets as soon as they arrived in Pyongyang. In addition, a great number of high-ranking officials from political and social circles in many nations in the world, as well as ordinary people, visited his statue first of all, even before taking a rest after a long travel.

Sean Garland, general secretary of the Workers Party of Ireland and member of the Central Executive Committee of the party, said: I met with the great leader Comrade Kim Il-song on many occasions, and was taught by him. Following this, I keenly realized that he is indeed predominantly a great man of the time. I was fascinated by his boundlessly benevolent and noble character. Indeed, the world lost the greatest man in the history of mankind. With achievements made in the cause of global revolution, he lives in our hearts forever.

(Moses Kikongo), vice chairman of the pannational resistance movement of Uganda, said: The sudden death of the great leader President Kim Il-song is a great loss not only to the Ugandan people, not to mention the Korean people, but also to peaceloving people of the world.

Because he dedicated his whole life to freedom and happiness for the people, all mankind is yearning after him more and more with each passing day.

*Kim Chong-il Work on Uniting All Strata

952C0090A Pyongyang NODONG SINMUN in Korean 12 Dec 94 p 2

[Article by Pak Nam-chin: "Ideological Foundations That Unite People of All Strata Into the Popular Masses"]

[FBIS Translated Text] The dear leader Comrade Kim Chong-il, in his theses "Socialism is Science," gave scientific elucidations dealing with ideological foundations that unite people of all strata into the popular masses.

The dear leader Comrade Kim Chong-il pointed out as follows:

"It is not that ideological foundations uniting people of all strata into the popular popular masses are solely provided by socialist/communist ideologies. Whoever love their country, people and nation, whoever are ideologically prepared to devote themselves to their country, people and nation, can all serve the people and therefore be members of the popular masses of people."

The question of ideological foundations uniting people into the popular masses is a vital practical question that influences the outcome of the revolution and socialist construction.

The question of ideological foundations uniting people into the popular masses is the question of what type of ideologies can unite people into the popular masses. Only by having this question elucidated correctly is it possible to firmly unite people of different classes and strata with interests in the revolution into one revolutionary force, thereby strengthening the chuche of t
revolution in every possible way and accelerating b
that strength the revolutionary struggles and constru
tion work successfully in each phase of the revolutio

The dear leader Comrade Kim Chong-il, in his class
work, gave clear- cut elucidations of the question
ideological foundations that unite people into the po
ular masses, based on a scientific analysis of practic
experiences of our revolution.

Such an ideological foundation is provided, first of a
by socialist and communist ideologies.

What type of ideologies can be foundations on whi
to unite people into the popular masses depends
whether they reflect independent demands of peop
as social beings. It is because the popular masses a
a social collective banded together on the comm
grounds of their independent demands and creat
activities.

Socialist/communist ideologies become an ideologi
foundation uniting people into the popular mass
because they reflect most correctly the independe
demands and aspirations of people.

Socialist/communist ideologies are advanced ideolog
illuminating the bright future of humanity, their g
being the building of communist society.

Communist society is a society in which all people ha
been freed from all sorts of constraints and have co
pletely become the masters of nature, society and the
selves. In communist society, all members of soci
come to possess full measures of independent ideolo
cal consciousness and creative capability that suit th
inherent human nature as a social being, while prod
tive capacities will have reached levels high enough
provide satisfactory material guarantees for their in
pendent and creative activities. In short, communist
ciety is an ideal human society in which the indep
dence of man is fully realized. Therefore, socialist/co
munist ideologies are ideologies acceptable to all w
have independent demands and therefore can be an i
ological foundation uniting them into one social coll
tive called the popular masses. Since socialist/comm
nist ideologies serve as a powerful ideological wea
to unite all members of society into the popular mass
communists dedicated to socialist/communist ideolo
constitute key members and the core of the popu
masses. The bourgeois ideology, justifying capitalist
ciety in which exploitation and oppression of man
man reigns, fundamentally runs counter to man's in
pendent demands. Therefore, they are neither acc
able to the popular masses, who regard their indep
dence as their lives and soul, nor can they unite peo

Currently, there are about 160 companies developing nuclear programs in Japan and there are as many as 3,300 nuclear plants.

Japan has already even manufactured the warheads it can use only by loading nuclear fuel.

If it wishes to, Japan can become a world-class nuclear power at any time and engage in a nuclear war.

Saying they were defeated in the war to conquer Asia in the past because they were weak, the Japanese ruling circles have increased their strength while whetting the knife of revenge for half a century since the war.

Just because of this, Japan's nuclear armaments take on a very dangerous nature. Japan is trying to establish its domination over Asia and even the whole world by wielding nuclear weapons.

Realistically, the Japanese reactionaries are not admitting the fact that they invaded Asian countries in the past and inflicted great misfortune and pain on them; but, on the contrary, they are embellishing and beautifying their past crimes of invasion. This is aimed at repeating their past of invasion.

Today, Japan is emerging as the hotbed of a dangerous nuclear war in the Northeast Asian region.

It is clear that Japan, which is determined to seek revenge in connection with its defeat and which is trying to engage in a world-wide scramble for domination, will emerge more arrogant after it has completed its scheme of becoming a nuclear power.

If Japan's nuclear armaments are allowed, this can bring about grave, innumerable consequences upon mankind.

In the past, the Japanese imperialists were defeated while running amok in massacre and plunder.

If Japan should continue to accelerate its nuclear armaments, this will bring about the result of driving itself into a nuclear tomb.

To check and frustrate Japan's nuclear armaments is mankind's common task for the sake of the peace and security of Asia and the world.

The peace-loving people in Asia and the world, who oppose a nuclear war and value peace, will more boldly struggle to check and frustrate Japan's nuclear armaments.

Yi Chong-ok Meets Cuban Youth Delegation

SK1105223095 Pyongyang KCNA in English 1514 GMT 11 May 95

[FBIS Transcribed Text] Pyongyang, May 11 (KCNA) — Vice-President Yi Chong-ok today met and had a friendly talk with the visiting delegation of the Cuban Young Communist League led by First Secretary of its National Committee Victoria Velazquez Lopez at the Mansudae Assembly Hall.

"I have been deeply moved by the Korean people and youths invariably advancing along the road of socialism," the head of the delegation said, adding that she has also admired grand monumental edifices.

She hoped that the Korean people and youths will significantly celebrate the 50th anniversaries of the foundation of the Workers' Party of Korea and the liberation of the country under the wise guidance of the great leader Comrade Kim Chong-il.

Pyongyang Youth Support Cuba's 'Struggle'

SK1205045395 Pyongyang KCNA in English 0430 GMT 12 May 95

[FBIS Transcribed Text] Pyongyang, May 12 (KCNA) — Youth and students in Pyongyang met on May 11 to support the struggle of the Cuban people and youth.

Those present at the meeting observed a moment's silence in memory of the great leader President Kim Il-song who devoted his whole life to the freedom and happiness of the people and the accomplishment of the cause of socialism.

Addressing the meeting, Choe Yong-hae, chairman of the Central Committee of the League of Socialist Working Youth [LSWYK], said after the victory of revolution the Cuban people and youth have firmly defended the gains of the Cuban revolution and dynamically advanced along the road of socialism, repulsing never-ceasing aggression, blockade and challenge on the part of imperialists, he went on to say:

"Korea-Cuba friendship is one provided by the great leader of our people Comrade Kim Il-song together with Comrade Fidel Castro Ruz, the leader of the Cuban people; it has long since strengthened and developed in the joint efforts to accomplish the common cause against the imperialist and reactionary forces of the world.

"The LSWYK and young people of Korea will, in the future, too, make all efforts to further develop the relations of friendship, cooperation and solidarity with the Cuban young communist league and young men and women of Cuba in the idea of independence, peace and friendship and always move forward together with them and emerge victorious in the joint struggle for the final victory of the cause of socialism against imperialism."

Head of the visiting delegation of the Cuban Young Communist League Victoria Velazquez Lopez, first secretary of its national committee, in her reply said the Korean people and youth are engaged in a powerful struggle under the guidance of the great leader Comrade Kim Chong-il, true to the behests of the great leader Comrade Kim Il-song.

She said she was struck with admiration at the fact that the Korean people and youth themselves have built Pyongyang, which was a heap of ashes, as a magnificent and wonderful city after the ceasefire. The new appearance as it is today, is the result of the efforts of the industrious and resourceful Korean people and the Korean young men and women who devotedly work in all sectors of socialist construction, she said, adding:

"We firmly believe that the people and youth of Korea under the sagacious guidance of the great leader Comrade Kim Chong-il will carry to completion the cause of socialism.

"I sincerely wish the people and youth of Korea great achievements on the occasion of the 50th foundation anniversary of the Workers' Party of Korea.

"The struggle of the Cuban and the Korean people and youth to accomplish the cause of socialism will certainly emerge victorious."

Concluding her speech, she said she extends the greatest glory to the great leader Comrade Kim Il-song.

She handed the flag of the Republic of Cuba permeated with the blood shed by martyrs to chairman Choe Yong-hae.

A letter of solidarity to the Cuban people and youth was read at the meeting.

On the same day, a friendly gathering of LSWY officials and the delegation of the Cuban Young Communist League took place.

Ambassador Received by Indian Communist Official

SK1205074895 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 8 May 95

[FBIS Translated Text] H.S. Surjeet, general secretary of the Central Committee of the Communist Party of India-Marxist, received Cha Pong-ki, our country's ambassador to this country, on 5 May.

At the meeting the ambassador conveyed the great leader Comrade Kim Chong-il's greetings to General Secretary H.S. Surjeet.

The general secretary expressed deep thanks for this and asked the ambassador to convey his warm greetings to the great leader Comrade Kim Chong-il.

The general secretary said that the slogans of the Central Committee of the Workers Party of Korea [WPK] published on the occasion of the 50th anniversary of the party's founding clearly reflect the great leader Comrade Kim Chong-il's faith and firm will to strengthen and develop the glorious WPK founded by the great leader Comrade Kim Il-song into an eternal chuche-type revolutionary party.

He said the Communist Party of India-Marxist fully supports the WPK Central Committee's slogans on eternally upholding the great leader Comrade Kim Il-song as the sun of chuche.

He stressed that the Communist Party of India-Marxist firmly believes that all members of the WPK and the Korean people will firmly unite as one mind and one will around the great leader Comrade Kim Chong-il and achieve Korea's reunification without fail by smashing the blackmail and plot of the world's imperialists and reactionaries bossed by the U.S. imperialists.

Trade Unionists Received by Indian Communist

SK1205075095 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 9 May 95

[FBIS Translated Text] Indrajit Gupta, general secretary of the National Council of the Communist Party of India, received a delegation of the General Federation of Trade Unions of Korea [GFTUK] led by Yi Chin-su, vice chairman of the GFTUK Central Committee, on a visit to India on 5 May.

During the meeting, the general secretary said: "It is our international obligation to support the DPRK people's struggle to safeguard socialism and reunify the country. Unfortunately, we will never again meet the great leader Comrade Kim Il-song, who enthusiastically received us when we visited your country. We still recall with deep emotion the day when we were received by him. He is indeed a great man and a great leader. The passing away of the great leader Comrade Kim Il-song was a great loss not only to the DPRK people but also to all working class in the world. We hope the DPRK people will achieve the great leader Comrade Kim Il-song's will without fail under the wise leadership of the dear leader Comrade Kim Chong-il. Please convey my longevity wish for the great leader [yongdoja] Comrade Kim Chong-il."

Kim Il-song Birthday Celebrated Abroad

SK1205045095 Pyongyang KCNA in English 0421 GMT 12 May 95

[FBIS Transcribed Text] Pyongyang, May 12 (KCNA) — Functions took place in different countries on the into the popular masses. Bourgeois ideology justifying exploitation and oppression of the popular masses of working people and inspiring individualism and egoism exert a baneful influence, paralyzing the revolutionary consciousness and independent awareness of people and dividing society. Some countries which were once building socialism have blindly adopted bourgeois ideology and, as a result, people in those countries have degraded into extreme cases of individualism and egotism, with the unity and solidarity of the popular masses devastated. The bourgeois ideology, after all, cannot serve as an ideological foundation on which people can unite and share the same fate in one social collective called the popular masses.

An ideological foundation on which to unite people of all strata into the popular masses can also be provided by ideologies devoted to the love for the country, the people and the nation.

Being devoted to the love for the country, the people and the nation means holding the country, the people and the nation dear and being ready to devote everything one has for the interests of the fatherland, the people and the nation. It is the thought and passion of infinite self-sacrifice. The thought of love for the country, the people and the nation can serve as a foundation to bring people to live a life of true service for the people.

Needless to say, human life is extremely complex and diverse; therefore, there can be differences among people in political view, faith, principle and position. However, the destiny of the country and the nation is more important than individual political view and faith, faction and affiliation, principle and position.

The destiny of the fatherland and the nation is in itself the destiny of people. When people lose their fatherland and become slaves in their ruined country, their life becomes a miserable one, even more miserable than the dog in a house of death, even if they stay alive physically. This is a grim truth well demonstrated by the history our people whose past was once filled with tears of blood. The destiny of the fatherland and the nation is the destiny of each and every citizen; therefore, even if there are differences among people in political view, principle and position, they still can unite into the popular masses and share the same fate if only they have the thought and passion of love for the country, the people and the nation. Whether a person is communist or nationalist, atheist or theist, is not a problem; the problem is how much he or she loves the country, the nation and the people. Whoever loves the fatherland, brethren and the people can all serve the people and therefore; he or she can be a member of the popular masses even if he or she is a nationalist, theist or bourgeois.

The correctness and invincible vitality of the ideological theories of the dear comrade leader dealing with ideological foundations uniting people of all strata into the popular masses have clearly been proved by practical experiences of our revolution.

The entire route on which our revolution has been charted and fought triumphantly is precisely the course in which all our people have marched on vigorously, with unswerving faith in socialism/communism and fervent patriotism, united solidly around the party and the leader.

The respected and beloved leader Comrade Kim Il-song early on founded the great chuche ideology, the most thoroughly revolutionary ideology for the working class, firmly uniting the popular masses under its banner. And relying on their strength and invincible solidarity based on the chuche ideology, he led our revolution to brilliant victories. Apart from the great chuche ideology and socialist/communist ideologies, we cannot talk about the wholehearted unity of our revolutionary ranks that has now attained its loftiest level nor think about the class stronghold of our way of socialism that has become impregnably solidified today.

The respected and beloved leader, while at the helm of our revolution leading it through its protracted and perilous course, took into his bosom not only communists but all who loved the country, the nation and the people, whoever they were, fostering them and putting them at the forefront of the revolutionary.

Whoever are ideologically prepared to love the country, the nation and the people can be united into, and share their fortune with, the popular masses, regardless of their differences in political view, principle and position, faction and affiliation. This was the immutable position of the respected and beloved leader. Proceeding from that position, the respected and beloved leader embraced in his bosom of fervent love not only those who had belonged to the propertied class but also those who once had committed crimes against the fatherland and people, saying that people should not be judged for their personal backgrounds or past histories but for whether they are now ideologically prepared to serve the country and the people. Thanks to the great personality and broadmindedness of the fatherly leader, many people who had temporarily strayed into a wrong course could come back to life of true service for the fatherland, the people and the nation. Thus the whole nation, the whole brethren, came to unite as one and launch into the cause of reunification vigorously.

The dear leader Comrade Kim Chong-il, inheriting the great features of the respected and beloved Leader, is leading people of different classes and strata with interests in the revolution along the road of socialism/communism, trusting them not as mere temporary companions but as permanent partners. That is why all our people firmly trust the dear leader as the guardian of their destiny. They absolutely admire him and are burning with a revolutionary resolution to share their fate of life and death with our party forever.

Our realities powerfully demonstrate the correctness and vitality of our party's ideological theories dealing with ideological foundations uniting people into the popular masses.

The fact that the dear leader Comrade Kim Chong-il clearly elucidated the question of ideological foundations uniting people of all strata into the popular masses marks an immortal ideological theoretical achievement for the cause of independence of humanity and the socialist cause.

With ideological foundations uniting people into the popular masses thus elucidated scientifically by the dear, it has been firmly established that socialist/communist ideologies and the country-loving, people-loving ideologies are precisely the true people's ideologies. Thus, a precious guideline has been put in place showing the way to firmly unite into one people of all strata aspiring to the independent stand and attitude and loving the country and the nation into one, and thereby to vigorously accelerate the revolution and construction.

Our people, cherishing deep in their hearts the great pride and confidence that they live and make revolution under the great leader [yongdoja] and most pre-eminent ideological theorist, will continue to forge ahead advancing the socialist cause of chuche successfully.

Provincial Mass Rallies on Economic Strategy

SK1205045895 Pyongyang KCNA in English
0441 GMT 12 May 95

["Mass Rallies To Implement Calls of WPK Central Committee" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 12 (KCNA) — The Korean working people are conducting a powerful socialist general onward movement in hearty response to the calls of the Central Committee of the Workers' Party of Korea on the 58th anniversary of its foundation.

Their firm determination to significantly adorn the October grand festival by effecting a new upswing in all domains of socialist construction with redoubled courage and in high spirit was fully expressed at mass rallies to carry out the calls which were held in different parts of the country.

The reporters and speakers at the mass rallies of North Hwanghae Province, Kaesong municipality, South Hamgyong, Kangwon, and Yanggang Provinces which were held between May 9 and 11 vowed to make a decisive advance in implementing the revolutionary economic strategy of the party in order to present the gifts of proud labours to the mother party.

It was stressed at the rallies that to effect a new upswing in socialist economic construction is an important task to defend our-style socialism centred on the popular masses and make their country, their motherland more prosperous.

The resolutions which were adopted at the rallies stressed the need to remain unfailingly loyal to the idea and leadership of respected Comrade Kim Chong-il to accomplish the revolutionary cause of chuche, true to the behests of the great leader President Kim Il-song. They elaborated the tasks to carry out at the highest level all the work to significantly greet the 50th anniversary of the party foundation.

Development of Railway Transport Noted

SK1105153095 Pyongyang KCNA in English
1512 GMT 11 May 95

[FBIS Transcribed Text] Pyongyang, May 11 (KCNA) — May 11 is the day of railway workers in Korea.

The railway workers of Korea, who are greeting their red letter day with increased transport, are recollecting the strenuous efforts made by the great leader President Kim Il-song for the development of railway transport.

He defined railways as the arteries of the country and the pilot of the national economy and paid deep concern to the development of railway transport.

When the building of a new society was beginning after the liberation of the country, he clearly indicated the orientation of railway transport.

He gave on-the-spot guidance to many factories and enterprises serving railway transport, railway stations, and railway construction sites and provided a highly important guideline for the development of railway transport in many works including "On the Immediate Tasks of the Workers in the Field of Transport" (May 11, 1954.)

Korea's railway transport made a rapid development under his wise leadership.

Today the total length of railways is 3,360 kilometres longer than in 1946 and a large circuit railroad involving the whole of the country has been constructed.

With the electrification of railways pushed ahead with, several thousand kilometres of railways including main lines, branch lines, and approaching lines have been switched over to electric traction.

Electric traction was introduced in more than 800 kilometres of railways in the Third Seven-Year Plan (1987-1993).

Railway traction tonnage by electric locomotives has reached more than 90 percent in railway transport of freights.

Solid foundations have been laid to produce equipment necessary for railway transport such as 8-axle electric locomotives, 100-ton freight cars and heavy rails.

The traffic and carrying capacity has been further increased to fully meet the demand of the national economy for railway transport.

The first-stage project of the electrification of the Hoeryong-Haksong line (168 kilometres) in the northern part of the country was already completed and the second-stage project is progressing apace.

Professor Commends Communist Policies

SK1205043395 Pyongyang Korean Central Broadcasting Network in Korean 2240 GMT 10 May 95

["Dialogue" between Dr. Kang Sang-nam, associate professor and department head at the Kim Hyong-chik University of Education, and station reporter An Hui-yang, from the program "Let Us Firmly Arm Ourselves With the Great Leader Comrade Kim Il-song's Revolutionary Ideas" titled: "The Instant Expansion of Communist Policies Is an Inevitable Demand of the Development of Socialist Society"]

[FBIS Translated Text] [An] How are you?

[Kang] Fine. How are you?

[An] Fine. Didn't the great leader Comrade Kim Il-song declare the original idea that the constant expansion of communist policies suits the nature of socialist society, based on his scientific analysis of the intrinsic nature and superiority of socialist society?

[Kang] Yes, he did.

[An] Today let us discuss the idea that the constant expansion of communist policies is an inevitable demand of the development of a socialist society.

[Kang] All right. The great leader Comrade Kim Il-song taught: We have to implement communist policies, one by one, upon the creation of appropriate conditions. What we can do today should be done today, and what we can do tomorrow should be done tomorrow. When we practice communist policies on a one-by-one basis like this, construction of a communist society will eventually be completed.

The intrinsic nature and superiority of socialist society are based on none other than its communist traits. Accordingly, it suits the nature of socialist society to expand and strengthen communist policies.

[An] That is right. Aren't communist policies aimed at having the state or society, which shoulders all burdens, improve the people's welfare in a socialist society?

[Kang] Yes. Communist policies for distribution for labor are fundamentally different from that of socialist society, where how much one earns correlates to how much one works. However, under communist policies, one is not rationed in accordance with how much one has worked, but according to the party and the state's consideration for the people's equal, independent, and creative lives.

[An] I think we can clearly understand this with communist policies in the northern half of the Republic as examples.

[Kang] So do I. In the northern half of the Republic, consideration for improving the people's welfare is the supreme principle of party and state activities, and communist policies are broadly being executed in various fields. Based on the demand of the chuche idea that everything should serve man, communist policies are being executed broadly and actively in the northern half of the Republic. Current communist policies enable all the people to receive equal benefits free of charge or preferentially, regardless of labor. These policies are a communist [word indistinct] that develops in the socialist society and are tangible proof of communist characteristics in the socialist society.

A free education system, a free general medical treatment system, a childcare system, a (?regular annual leave system), the state's guarantee to solve working people's food, clothing, and housing problems, the complete abolition of taxation, and many other important communist policies are now being executed in the northern half of the Republic.

[An] That is right. All of the younger generation are educated free of charge, are they not?

[Kang] Yes, they are. College and professional school students are supported by scholarships and studying without having to concern themselves with school fees. Anyone can study whatever is suited to his or her talents, to his or her hearts' content.

[An] In addition, I think, the free general medical treatment system is a superior communist public health policy.

[Kang] So do I. In our country the state is entirely responsible for taking care of the working people's health. Under this public health system, our people pay nothing for diagnoses, tests, examinations, treatments, operations, hospitalization, and medicines.

[An] That is right.

[Kang] The state even covers travel expenses for people to get to clinics. All sorts of medical services, including [word indistinct] and implanting artificial teeth, are free of charge. In addition, all the people — including workers, office clerks, and technicians — are happily living under our socialist system, having no food, clothing, or housing problems.

[An] They really do.

[Kang] The state provide not only food to workers, clerks, and their families, but also clothes, shoes, and various school things to all children and students free of charge or at very low cost. The state builds houses in cities and rural areas at its own expense and provides them to the working people. Therefore, the working people in the northern half of the Republic are not concerned about prices of food, clothing, or housing.

[An] That is right. This fact alone is proof of the excellence of communist policies of the Workers Party of Korea, as well as of the great happiness our people are enjoying.

[Kang] Really it can. Besides, there are many other benefits our people are receiving from the state, such as paid leave and sick leave systems, the operation of state-run nurseries and kindergartens, and a social welfare system for workers, farmers, clerks. Benefits from the state are immeasurable and ever increasing as days go by.

[An] That is right. The great leader Comrade Kim Il-song elucidated scientifically that the course of building and completing the socialist, communist society is a course of expanding such communist policies, did he not?

[Kang] Yes, he did. As the great leader elucidated, the course of building and completing socialist communism is the course of having the society dominated completely by communist characteristics by constantly expanding communist policies. Accordingly, while proceeding with socialist construction, we should constantly expand communist policies in various fields of social life.

[An] It was not with abundant materials and appropriate conditions that we were able to implement these communist policies in our country.

[Kang] You are right. Even under difficult conditions, our party immediately implemented any keenly needed policy that would improve the people's living standards. This is well proved by the fact that during the fatherland liberation war, the great leader directed the implementation of a free medical treatment system to treat injured soldiers and patients free of charge.

The communist policies currently being implemented in our country today have reached a very high level. That is, our country is taking the lead in executing policies of bringing communist society to a higher level. Our country has successively implemented these communist policies even under conditions in which our production capabilities have not yet developed to the level of providing satisfactory distribution. This is only possible in the popular mass-oriented socialism of our own style which the great leader established and the dear leader Comrade Kim Chong-il is adding luster to.

[An] By elucidating the original idea that it is an inevitable demand of the development of socialist society to constantly expand communist policies, the great leader Kim Il-song led our country to further expand communist policies, and prepared ideological and theoretical weapons and practical models, with which we can even more vigorously accelerate socialist and communist construction.

[Kang] That is right.

[An] Let us conclude our discussions for today. Thank you.

New Beach Resort Built Near Sohae Lockgate

SK1205080795 Pyongyang Korean Central Broadcasting Network in Korean
1300 GMT 8 May 95

[FBIS Translated Text] A new swimming beach has been built on the coast at the foot of a mountain near the Sohae lockgate, a monumental creation of the Workers Party era. The new swimming beach makes it possible for a daily 700 to 800 people to enjoy swimming, regardless of flowing and ebbing tides.

With the building of the new swimming beach where 300 various kinds of trees, including [word indistinct], acacia, poplar, and [word indistinct], have been planted to harmonize with the scenic beauty of the coast, our working people and young students who come to this beach are able to enjoy cultural rest, appreciating the benevolence of the party and the leader [suryong].

The swimming beach has been outstandingly built thanks to the labor struggle of beach functionaries and workers, including Kim Hyon-mo, manager of the Sohae lockgate tea house, Yi Kyong-so, party cell secretary of the lockgate, and commanders and soldiers of the Korean People's Army unit to which Comrade Kwon Hak-su belongs.

Highly displaying the revolutionary spirit of self-reliance and fortitude, these functionaries and workers who cherish deep in their hearts the great leader's [suryong] plan and the party's will, spent roughly one month building a 300 meter-long breakwater with idle materials and (?stripping) several hundred cubic meters with their own strength to build this outstanding swimming beach.

South Korea

DPRK Officer Crosses MDL for Reconnaissance

SK1105131195 Seoul KBS-1 Television Network in Korean 1238 GMT 11 May 95

[FBIS Translated Text] It has been learned that the North Korean Army crossed the Military Demarcation Line [MDL] in the DMZ again to conduct reconnaissance activities. The National Defense Ministry stated today: On 9 May, a North Korean Army officer, who was part of a group of some 10 North Korean soldiers who were detecting mines and removing reeds in the northern area of Chorwon in the DMZ, crossed about 40 meters over the MDL and returned to the North side upon the issuance of our side's warning.

North Refusal To Attend NPT Conference Viewed

SK1105024695 Seoul YONHAP in English 0215 GMT 11 May 95

[FBIS Transcribed Text] UN Headquarters, May 10 (YONHAP) — North Korea has abruptly declared that it will no longer attend the Nuclear Non-Proliferation Treaty (NPT) conference now in session here.

In a letter sent to the NPT's Conference Chairman Jayantha Dhanapala Tuesday, Amb. Pak Kil-yon of the North Korean Mission to the United Nations claimed that biased documents formulated at the conference are discussing the Korean peninsula nuclear issue improperly and unrealistically.

An indication that specific countries are utilizing the NPT conference against North Korea, and that they are interested in aggravating the Korean peninsula nuclear issue by ignoring and rendering incompetent the Washington-Pyongyang nuclear framework agreement, Pak maintained.

Under such circumstances the North Korean delegation will no longer attend the NPT conference, Pak said.

Pak's letter noted that North Korea had sent its delegation to the conference in consideration of the U.S.-North Korea nuclear framework agreement.

Pak reminded Dhanapala that North Korea has "special status" with regard to the attendance of its delegation to the NPT conference.

Elaborating on the terms "special status," an official of the North Korean Mission said Wednesday, "we have suspended and not taken back our withdrawal from the NPT. Therefore, we are not a member of the NPT."

With Pyongyang's announcement that they will no longer participate in the NPT conference with the conference's closure only three days away, it appears that the North's actions are an anticipated rebuff against the probable call for a reinforced nuclear safety agreement with the North, as well to a likely unfavorable reference to the North Korean nuclear issue in the conference's final declaration.

The action may also be aimed at securing an advantageous position in the North's forthcoming high-level nuclear talks with the United States by openly challenging the United States, which is pushing for the adoption of a formula extending the NPT indefinitely.

A UN diplomatic source called the North Korean action "an act of no common sense, that cannot be accepted in the world community."

North Korea has taken a passive attitude in the NPT conference, which opened here April 17, skipping a keynote speech and having a counsellor-level official represent its delegation. The North supported a formula which would extend the NPT for an additional 25 years, a move supported by some nonaligned countries.

Dailies on ROK-U.S.-Japan Reactor Concessions

SK1205054295

[FBIS Editorial Report] The following is a compilation of editorials from ROK vernacular newspapers published on 12 May reacting to the agreements reached between the ROK, U.S., and Japan regarding the upcoming U.S.-North Korean nuclear talks.

The conservative CHOSON ILBO carries on page 3 an 800-word editorial entitled, "The ROK Is Making Another Mistake." The editorial notes that "ROK-standard reactors" was dropped from the joint statement on the result of the tripartite meeting, and finds fault with the explanation that since the agreement on the establishment of the Korean Peninsula Energy Development Organization (KEDO) specifies the ROK-model, it is self-evident that the ROK-model will be the standard. The editorial questions why such a self-evident issue caused so much trouble. Asserting that the dispute over the light-water reactors issue was over the name, not the actual reactor, the editorial warns that concessions on the name "will make the ROK lose its part in issues concerning the Korean peninsula."

Furthermore, the editorial criticizes the ambiguity of "the ROK's central role" and questions whether this entails the provision of most of the money and labor, or a central role in the design, installation, and operation of the reactors.

The pro-government SEOUL SINMUN carries on page 3 an 800-word editorial entitled, "The ROK-Model Condition Must Be Met." The editorial expresses concern about the fact that alternative names for the ROK-model, such as "international model" or the "Korean peninsula peace model," are even being discussed. The editorial asserts that "it is North Korea's obligation in implementing the Geneva agreement to accept the ROK-model light-water reactors." The editorial states that U.S. nuclear ambassador Gallucci's reference to the provision of collateral facilities as a "new approach" is merely a well-packaged expression. The editorial concludes that the ROK people feel a sense of failure and exclusion with such concessions.

The left-leaning HANGYORE SINMUN carries on page 3 a 1,000-word editorial entitled, "North Korea Should Accept the Package Solution." The editorial describes the tripartite decision to make the minor concession of not specifying the name of "the ROK-model" light-water reactors as "fortunate." The editorial expresses the hope that "North Korea will be satisfied with this new proposal" and terms it unreasonable for North Korea to try to deny the ROK's leading role in building light-water reactors. Noting that North Korea has consistently called for great national unity, the editorial states, "North Korea should accept the fact that South Korea is able to provide light-water reactors to North Korea."

Characteristics of DPRK Chemical Weapons Noted

95p30095

[FBIS Editorial Report] The 23 March Seoul NAEWOE TONGSIN in Korean on pages E1-E3 reported that the 1,000 tons of chemical weapons that North Korea has stockpiled can kill at least 40 million people. North Korea, the world's third biggest possessor of chemical weapons, reportedly has an annual production capability of 4,500 tons, most of which is produced in a Kanggye chemical weapons factory and a Hyesan chemical plant. According to NAEWOE TONGSIN, the Kanggye factory produces sarin [nerve gas], yperite [mustard gas], and two types of tear gas called CS [chlorobenzalmalononitrile] grenade and CN [chloroacetophenone] grenade, while the Hyesan plant produces intermediate materials for chemical weapons, such as benzol, phenol, and hydrochloric acid, and finished weaponry.

The Maram Materials Company and the Chihari Chemical Company are reportedly the main storage areas for the chemical weapons. NAEWOE TONGSIN reported that Maram Co., which is under the Nuclear and Chemical Defense Bureau, has three tunnels storing weapons such as sarin and yperite, and a 4-meter-high tank containing benzol, phenol, and hydrochloric acid.

Potential DPRK-U.S. Talks Delegate Profiled

SK1205070895 Seoul CHUNGANG ILBO in Korean 12 May 95 p 8

[Report by Kang Yong-chin and Choe Won-ki]

[FBIS Translated Text] In a letter sent to the United States on 11 May, North Korea proposed holding negotiations between Thomas Hubbard, U.S. deputy assistant secretary of State, and Kim Kye-kwan, DPRK vice foreign minister, instead of holding high-level talks. Thus, the focus of people's attention is on Kim Kye-kwan's personal status and background.

Kim was born in North Hamgyong Province in 1938, and is a career diplomat who has only worked for the Foreign Ministry.

He participated in the DPRK-U.S. high-level talks as a member of the DPRK delegation, and was placed in charge of working-level negotiations.

When North and South Korea simultaneously entered the United Nations in September 1991, he accompanied Vice Foreign Minister Kang Sok-chu, who spoke before the UN General Assembly. He was promoted to roving ambassador of the Foreign Ministry in 1992, and visited Hungary, Bulgaria, Germany, Sweden, Finland, and Netherlands, in January 1993.

He attended the first high-level DPRK-U.S. talks held in 1992 between Kim Yong-sun, secretary of the North Korean Workers Party and chairman of the Department of International Affairs, and U.S. Undersecretary of State Arnold Kanter. He attended the first round of high-level talks held in June 1993 between Robert Gallucci, U.S. nuclear ambassador, and Kang Sok-chu, DPRK growth and keep the rise in commodity prices to around 5 percent.

[Koike] Concerns have been raised over the possibility of the ruling party facing difficulties in the June local elections and the possible intensifying of conflict among the localities. How do you feel about this?

[Kim] Local elections are different from presidential or parliamentary elections. Rather than looking at political issues, voters must choose candidates who will be able to lead the way in regional development. I feel confident that the ruling party will emerge victorious.

[Koike] In gubernatorial elections in Japan, candidates who were not aligned with any political party became governor in Tokyo and Osaka. How do you feel about this?

[Kim] The ROK and Japan differ as regards political conditions and the people's political consciousness. I do not think a similar phenomenon will occur in the ROK.

South-North Relations

[Koike] Kim Chong-il has not formally assumed power yet. Do you think that the DPRK (North Korea) will take a positive stance in, for example, partially opening up its economy?

[Kim] An abnormal internal situation is probably responsible for Kim Chong-il's inability to formally assume power. Since North Korea must inevitably open itself up to the rest of the world in order to free itself from its difficult situation, we believe that the country is feeling out the possibilities. However, North Korea holds strong fears about opening itself up to the rest of the world. Thus, for the time being, there is a limit to how far it can go toward ending its diplomatic isolation.

[Koike] What are the prospects for a South-North summit?

[Kim] Under the political vacuum caused by a lack of leadership in the country, North Korea has strengthened its anti-ROK policies, which has seriously barred the improvement of South-North relations. It may be possible to hold a summit meeting once someone assumes the presidency of North Korea.

[Koike] North Korea has rejected ROK-model light-water reactors. How do you feel about that?

[Kim] Regarding the light-water reactors to be presented to North Korea, there are, in reality, no other options besides the "ROK-model" reactors. The fundamental principle on which the U.S.-DPRK accord is based is that the ROK must fulfill the main role in the light-water reactor project in general.

[Koike] Do you think that North Korea may persist in rejecting ROK-model reactors?

[Kim] North Korea has gained much via the Geneva accords — for example, light-water reactors, heavy oil, and a chance to improve relations with the United States. It is inconceivable that North Korea will give up such benefits. Therefore, I do not think the country will persist in rejecting ROK-model reactors.

[Koike] North Korea is seeking direct negotiations with the United States in order to move from a ceasefire agreement to a peace treaty. How do you feel about that?

[Kim] The parties directly concerned with a peace treaty must be both South and North Korea, logically and realistically speaking. Also, the United States has vowed that it would never do anything that would be undesirable to the ROK. We hope that North Korea will correctly acknowledge reality and approach South-North dialogue with sincerity.

Japan-ROK Relations

[Koike] This year marks the 50th anniversary of the end of World War II, as well as the 30th anniversary of the normalization of diplomatic relations between Japan and the ROK. How do you assess the relations between the two countries?

[Kim] Since the ROK and Japan normalized diplomatic ties in 1965, the relations between the two countries have developed dramatically in all areas. The concept of a "future-oriented relationship between the ROK and Japan", which I have advocated, begins with Japan's correct understanding of past history. If we look directly at historical facts as they stand, it should become clear as to how the issue of a "no-war resolution" and the problem regarding comfort women should be solved.

[Koike] What are the prospects of the ROK's lifting the ban on Japanese popular culture?

[Kim] The current situation is unnatural, and it must be resolved some day. What is most important is the consensus of the people, but presently that consensus has yet to be gained.

[Koike] Are you in favor of Japan's bid for a permanent seat in the UN Security Council [UNSC]?

[Kim] We understand Japan's efforts to further provide a constructive contribution to the international community. However, we intend to study the issue of certain countries gaining permanent membership in the UNSC, while ascertaining the course of debates on UNSC reform.

Asia-Pacific Economic Cooperation (APEC)

[Koike] What do you believe are the roles of the ROK and Japan in Southeast Asia?

[Kim] The ROK and Japan must strengthen regional cooperation based on cooperation with Southeast Asian countries and fulfill their roles as a propelling force to help bring mutual prosperity.

[Koike] What significance do you see in the APEC summit meeting to be held in Osaka?

[Kim] The direction for cooperation in the Asia-Pacific region has been determined and the foundation for this has been laid in previous summit meetings. I believe the Osaka summit will be an opportunity in which regional cooperation will materialize on top of this foundation.

DLP Selects Chong Won-sik as Mayoral Candidate

*SK1205112895 Seoul YONHAP in English
1029 GMT 12 May 95*

[FBIS Transcribed Text] Seoul, May 12 (YONHAP) — The ruling Democratic Liberal Party [DLP] Friday afternoon selected former Prime Minister Chong Won-sik as its candidate for the forthcoming Seoul mayoral election.

In a secret vote held at the Olympic Park Gymnasium, Chong drew 4,701 votes of the total 7,700 ballots cast. His runner-up, Rep. Yi Myong-pak, ended in winning 2,884.

With Chong's selection, Seoul mayoralty is to be contested in the coming election among three major candidates — Chong, opposition Democratic Party's Cho Sun and Rep. Pak Chan-chong who has vowed to run in the election as an independent.

In a speech upon his election, Chong said he would do all he could to win in the mayoral election next month.

Saying that Friday's contest served to demonstrate the united strength of the ruling party, Chong said the party should manifest a firmer unity to ensure the stability and continuous reforms of the country and the sustained development of Seoul.

Of the 12,436 members of the DLP's Seoul chapter electoral college, 7,700 or 61 percent of the total took part in the vote.

DP Selects Gubernatorial, Mayoral Candidates

Noh Mu-hyun for Pusan Mayor

*SK1205112695 Seoul YONHAP in English
0814 GMT 12 May 95*

[FBIS Transcribed Text] Pusan, may 12 (YONHAP) — The opposition Democratic Party [DP] on Friday selected No Mu-hyon, a party vice president, as its candidate for the coming Pusan mayoral election.

In a secret vote, Noh drew 73 of the total 133 valid votes. His runner-up, Pusanjin-B district Chairman Hwang Paek-hyon, drew 60.

In a speech after the election, No, saying public sentiments in Pusan are turning away from the incumbent administration, said he would win the coming election handily, and thus forge an election miracle.

Pusan has traditionally been the power base of President Kim Yong-sam.

Yu for North Cholla Governor

*SK1105134195 Seoul YONHAP in English
1149 GMT 11 May 95*

[FBIS Transcribed Text] Chonju, May 11 (YONHAP) — The opposition Democratic Party [DP] on Thursday afternoon selected Yu Chong-kun, formerly deputy secretary general of the Asia-Pacific Peace Foundation, as its candidate for the coming North Cholla Province gubernatorial election.

In a convention of DP's North Cholla Province chapter held at the Chonju Gymnasium, Yu beat his runner-up, former DP Secretary General Choe Nak-to, in a run-off vote.

Among the 418 delegates who took part in the second ballot, 211 voted for Yu and 205 for Choe. Two votes were invalid.

In the initial vote participated by 425 delegates, Yu earned 157 votes and Choe 161. Two other runners — Kang Kun-ho and Choe Chon-kwon — obtained 102 and three votes, respectively.

Upon his defeat in the initial vote, Kang Kun-ho, denied a chance to speak, raised the hands of Choe Nak-to to motion his supporters to vote for Choe. But, most of his supporters were found to have supported Yu.

Noting that victor Yu is one of the close aides of Kim Tae-chung, an observer said the recent defeat of Prof. Kim Song-hun, a confidant of Kim Tae-chung, in the selection of DP's South Cholla Province gubernatorial candidate, might have made alerted North Cholla delegates endorse Kim Tae-chung's man.

first vice foreign minister, as a member of the DPRK delegation.

He has continued to attend the third round of high-level talks since last June. On 15 October last year, he held working-level negotiations with Deputy Assistant Secretary Hubbard on drafting the Geneva nuclear agreement during the last stages.

He has acted as French interpreter for Kim Song-ae, Kim Il-song's wife. He is known to be part of the elite, and as having the ability to promptly comprehend prospective issues.

'Urgent' Trade-Related Ministers' Meeting Held

SK1205074295 Seoul MUNHWA ILBO in Korean 12 May 95 p 2

[FBIS Translated Text] In connection with the U.S. demand for the improvement of the inspection, quarantine, and distribution system of farm produce and foodstuffs, the government held an urgent trade-related ministers' meeting on the morning of 12 May and decided to revise all controversial and potentially controversial areas of our country's current systems by the end of June, and that the implementation of the revised regulations will be effective in July.

Participating in the trade-related ministers' meeting held at the Chamber of Commerce and Industry Club were Kong No-myong, foreign minister; Pak Chae-yun, minister of trade and industry; So Sang-mok, minister of health and welfare; and Choe In-ki, minister of agriculture, forestry, and fisheries; as well as Hong Chae-hyong, deputy prime minister and minister of Finance and Economy Board, who chaired the meeting.

Foreign Minister Kong, reporting to the meeting the result of the first round of negotiation between the ROK and the United States held in Geneva on 4 and 5 May in connection with the suit filed with the World Trade Organization (WTO), explained the contents of the U.S. demand for the improvement of our systems and our reply to it and noted that the U.S. side is expected to take a tougher stand on it in the future.

Deputy Prime Minister Hong instructed the participants in the meeting to provide a draft plan by 20 May with the trade support team and the team for the improvement of the food inspection and quarantine system currently in operation under the Finance and Economy Board as the central working team for the project, so as to hold a public hearing attended by the relevant business circles and consumer-protection organizations in early June, to listen to the public opinion so that the government may finalize its improvement plan meeting the WTO standard. Deputy Prime Minister Hong asked the participants to thoroughly supervise the relevant departments to check the progress of the project.

Prosecution Questions Visiting U.S. Clergyman

SK1105135295 Seoul YONHAP in English 1039 GMT 11 May 95

[FBIS Transcribed Text] Seoul, May 11 (YONHAP) — The Seoul Prosecution, investigating a set of lawsuits related to the 1980 Kwangju incident, called in and questioned a visiting American clergyman Thursday in connection with his alleged witnessing of firing by a military helicopter during the Kwangju uprising.

Rev. Arnold Peterson, 50, of Illinois, contends that during the height of the turmoil, he saw a martial law command helicopter open machine-gun fire to kill or injure a number of citizens.

Based on Peterson's statement and related materials the clergyman turned in, the prosecution plan to summon about 10 senior officers of the Army 501st Aviation Brigade to determine the exact role military helicopters played during the Kwangju incident.

Prosecution probe has thus far shown that martial law command authorities flew three types of helicopters — 500MD, UH-1H and Cobra — during the Kwangju uprising, which the military authorities assert were used merely for reconnaissance and pacification purposes.

All the helicopters can be armed with machine guns and rocket launchers. The 500MD helicopter, the type shown in a picture produced by Rev. Peterson as a material evidence, is armed with 7.25mm machine gun and a rocket launcher.

"We fear it would be difficult to determine firing by helicopter since the issue has never been raised in the past and there is no other eyewitnesses than Rev. Peterson," a prosecution official said.

Soft Loan Offered to Philippines for Projects

SK1205085695 Seoul YONHAP in English 0116 GMT 12 May 95

[FBIS Transcribed Text] Seoul, May 12 (YONHAP) — South Korea offered the Philippines a 28,216 million won (about 37.13 million dollars) soft loan to help finance three development projects.

Agreements concerning the provision of the loan which will come from Korea's Economic Development Cooperation Fund were signed and exchanged in Manila Friday between South Korean Ambassador Yi Chang-chun and acting Filipino Foreign Minister Domingo Siazon, Jr., the Ministry of Foreign Affairs said.

The three development projects the loan is earmarked for include the Luzon transmission line and substation project, the Second Misamis Oriental telephone system expansion and modernization project and the Mindanao power transmission project.

The loans will be provided under three separate contracts to be concluded between the Export-Import Bank of Korea and the Philippine Development Bank, a ministry spokesman said.

The loan will reinforce the cooperative relationship between the two countries and expand the role of South Korean firms venturing into the Philippines through their participation in the development projects, the spokesman said.

Taiwan Lifts Tariffs on ROK Petrochemicals

SK1105135095 Seoul YONHAP in English 0845 GMT 11 May 95

[FBIS Transcribed Text] Seoul, May 11 (YONHAP) — Taiwan has lifted anti-dumping tariffs on South Korean-produced polyethylene and polypropylene effective April 22, the Taiwanese mission in Seoul reported Thursday.

The special tariffs were imposed on the petrochemical products in May last year.

The Taiwanese mission said a check into the prices of the South Korean products showed that dumping activities have not disappeared totally but they were found to be not so serious as to harm the Taiwanese petrochemical industry.

It added, however, that Taiwanese authorities would again review the issue six months after the lift of the anti-dumping tariffs.

Foreign Firms Exporting ROK Goods Increase

SK1205105595 Seoul YONHAP in English 0617 GMT 12 May 95

[FBIS Transcribed Text] Seoul, May 12 (YONHAP)— The number of foreign firms exporting goods from Korea has increased substantially this year.

Korean Trade Promotion Corp. said foreign buyers visiting the trade organization's offices in hopes of securing a place in the growing export market have numbered 1,069, up about 20 percent from a year earlier.

Of the foreign businessmen, about 10 percent were from South and Central American countries, up from 4 percent last year, and 20 percent were European buyers, up from 17 percent last year.

However, the number of those from Asia and Oceania dropped to 50 percent from 51 percent, those from North America also were reduced by a percentage point to 10 percent, while buyers from Africa slipped to 4 percent from 7 percent. Those from the Middle East decreased, too, dropping to 6 percent from 10 percent a year ago.

By kind of goods, those buyers looking for nonferrous goods increased to 13 percent from 2 percent a year ago, while those for electronics and electrical goods were recorded at 10 percent, up from 6 percent, machinery also rose to 16 percent from 15 percent, and sundry goods to 15 percent from 12 percent.

The number of foreign buyers who were drawn to textile and garment markets dropped to 16 percent from 33 percent, so has the number of buyers for chemical and plastic goods.

President Interviewed on DPRK, Japanese Ties

OW1105234495 Tokyo MAINICHI SHIMBUN in Japanese 11 May 95 Morning Edition p 3

["Summary" of interview with ROK President Kim Yong-sam by MAINICHI SHIMBUN President Masao Koike at the Blue House (presidential palace) in Seoul on 10 May; reported by Tetsuo Nakajima]

[FBIS Translated Text] Seoul, 10 May — The following is a summary of an interview with ROK President Kim Yong-sam by MAINICHI SHIMBUN President Masao Koike held on 10 May:

Internal Affairs

[Koike] How do you evaluate yourself in terms of your work as president in the past two years since your inauguration?

[Kim] The past two years or so have been the busiest and most difficult in my life, but also the most rewarding. Although I do not deny that I have some regrets, I am satisfied that I have been able to handle my nation's affairs with honesty and pride. I now want to let the results of our reform efforts thoroughly spread throughout our nation and at the same time hope to abolish various regulations to help revitalize the economy and to improve the quality of the people's livelihood. I also plan to proceed with a policy to solidify the foundation for the unification of South and North Korea and promote the idea of "globalization."

[Koike] Although the ROK economy is faring well, how do you view its future and goals?

[Kim] The yen's appreciation against other currencies has both positive and negative aspects. As we rely heavily on imports from Japan, our burden has increased. Our goal for this year is to record 7-8 percent economic

Indonesia

Plan To Cut ABRI Assembly Members Welcomed

BK1105123095 Jakarta KOMPAS in Indonesian 11 May 95 p 11

[FBIS Translated Excerpt] Jakarta, KOMPAS — The House of Representatives (DPR) was not surprised when a draft amendment concerning the selection of MPR [People's Consultative Assembly], DPR, and provincial legislative assembly members was included in existing Law No. 16 of 1969. The House warmly welcomed the proposal to reduce the number of representatives from the ABRI [Armed Forces of Indonesia] parliamentary faction from 100 to 75 members.

House Speaker Wahono stated this in his address at the opening of the Fourth 1994-95 plenary session on Monday (8 May). He said the House was not surprised by the government's proposal because some time ago, the president addressed this issue when he declared the parliament session open on 16 August 1992.

Wahono went on to say that the president then said: "The ABRI has become an inseparable part of the implementation of Pancasila democracy. This is why the ABRI has a place in every government administration. The number of ABRI representatives can be determined as the situation warrants."

Irrelevant

The House speaker was of the opinion that Pancasila democracy was not structurally determined by only a certain segment of society or by any particular political and social organization. Based on this, the DPR warmly welcomed the proposal to reduce the number of ABRI representatives in the DPR.

He said: "We need to stress here that we support this proposal. Our support for the proposal is not because the ABRI is less democratic compared with other political and social organizations or because its presence in the DPR makes some high-ranking government officials undemocratic or just to only satisfy a certain foreign group's aspirations or desires."

Continuing, he said certain foreign groups considered it to be true that the military is undemocratic. However, for Indonesia, the ABRI has proven its worth as a dynamic, inspiring, and motivating force in the formulation of Pancasila democracy.

Wahono said: "Therefore, it is truly irrelevant for us to say that ABRI's representatives in various government departments — irrespective of whether they are executives or legislators — are connected, in one way or another, to our government becoming democratic or otherwise."

Marhaen Group Claims 'Discriminatory' Treatment'

BK1205101095 Jakarta THE JAKARTA POST in English 12 May 95 p 2

[FBIS Transcribed Text] Jakarta (JP) — Leaders of a mass organization, based on the teachings of the late president Sukarno, protested yesterday the government's discriminatory treatment of it.

Led by Sukmawati, Sukarno's third daughter, members of the central executive committee of the Marhaen People's Movement came to lodge their protest with the House of Representatives.

No legislator was available to meet them as the house is currently holding internal, closed, commission sessions.

Sukmawati, chairman Sunardi, and other activists later tried to file their protest with the National Commission on Human Rights. But they also failed to meet with any official.

The leaders said their "activities have been hampered because of the Minister of Home Affairs' failure in registering the Marhaen People's Movement".

The organization was recently denied police permits to hold a gathering in North Sumatra because it was considered illegal.

The activists said the group has not been included in the list of 738 mass organizations that have been approved by the government.

Sukmawati said her organization has met every condition required of an organization, including a stipulation of Pancasila as its sole ideology.

Sukarno established Marhaenism, an ideology derived from the principles of socio-nationalism and democracy, and later applied it as the basis for his Indonesian Nationalist Party.

The party later merged with several Christian-based parties and became the Indonesian Democratic Party, which is currently chaired by Megawati, another of Sukarno's daughters.

Marhaen was the name of a poor farmer whom Sukarno met.

"If people say Marhaen does not recognize Pancasila, it's not true." Sukmawati said. "Not only do we recognize Pancasila, we also implement its principles, and defend it, and the 1945 Constitution."

Thailand

Daily Reports Reaction to U.S. Embargo on Iran

'Letter' From Iranian Embassy

BK1205065995 Bangkok BANGKOK POST in English 12 May 95 p 4

[Letter from the Iranian Embassy in Bangkok in the "POST Bag" column: "What's Behind The Embargo"]

[FBIS Transcribed Text] Sir: The Press Section of the Embassy of the Islamic Republic of Iran presents its compliments to BANGKOK POST and, with reference to an editorial entitled "Well-meaning policy but how effective?" appearing in the May 8 issue, would like to invite the attention of the writer to the following points:

With regard to the US intention to impose a trade embargo against Iran, as the writer has also clearly indicated, the idea has been flatly rejected by all countries around the world. Moreover, US action is widely regarded as an attempt by the government to divert public attention from domestic policy failure to that of foreign policies.

The occasion when the announcement was made would also clearly support the idea that "political ends" is behind the recent move by the US government in launching such publicity.

Sponsoring and supporting terrorism is another charge levelled against Iran. This is an emotional subject that frequently lends itself to misuse and propaganda. It is also evident that "political ends" is the main incentive which conceals itself behind unfounded and fabricated allegations. Iran, based on abundant evidence, is an aggrieved party when it came to terrorism. The fact that the allegations made in the article with regard to the direct implication of Iran in terrorism in other countries including Thailand are completely baseless, as no evidence has been presented by the judicial and other authorities concerned to prove such allegations.

You may recall that the Islamic countries in the Eighteenth Islamic Conference of Foreign Ministers held in Riyadh in March 1989, based on an Islamic principle in a declaration entitled "Joint Islamic Action to Combat Blasphemy Against Islam", unanimously condemned Salman Rushdie and regarded him as apostate. You would, thus, admit that the idea has been accepted not only by a single country but all Islamic countries.

Last but not least, we may attract the attention of the writer to the fact that Iran is a signatory to the Nuclear Non-proliferation Treaty (NPT). It should also be recalled that interests in peaceful development of nuclear technology are explicitly recognised in A
4 of the NPT.

[Signed] Embassy of the Islamic Republic of Iran

Sanctions 'Well-Meaning'

BK1205043195 Bangkok BANGKOK POST in English 8 May 95 p 4

[Editorial: "Well-Meaning Policy, But How Effec

[FBIS Transcribed Text] The United States has f
taken the ultimate peaceful step against Iran. The
trade embargo slapped on against Tehran is cert
arouse controversy both inside America and abroa
President Bill Clinton ordered the sanctions agains
only after wide publicity of the massive US inves
in Iran by American firms and their subsidiaries
new restrictions on trade with Iran will hurt those
primarily oil companies, and indirectly will hurt t
economy as well. The economic effect on Iran w
small. Mainly, Iran will no longer be able to obta
technology and expertise for its oil or power indu

The US has acted idealistically. Washington is
vinced that Tehran's regime supports terrorism
working secretly on nuclear weapons developmen
Clinton and his advisers obviously feel the corre
sponse is to try to isolate Iran. Short of war, no g
action is possible. Clearly, the Iranian governme
no interest in discussing its various disagreement
Washington, "the great Satan." The country's top l
Ayatollah 'Ali Khamene'i, reacted to the announc
of the embargo with undiluted defiance. The US
"will increase the spirit of work, happiness, effo
production among the revolutionary people of Ira
said.

America will now bring its diplomatic corps
forefront to convince other nations to join its a
against Iran. It will be an uphill battle, but Washi
is likely to focus its attention on key issues. The
prominent of these is Iran's nuclear programme. T
is openly developing nuclear power capability.
signed a highly controversial contract to buy a n
reactor from Russia, and this is a major sour
Washington's concern. The reactor will produc
needed for a thermonuclear bomb. Iran insists it d
want such a weapon, and has no intention of prod
one. Many remain highly suspicious.

President Clinton is putting heavy pressure on R
President Boris Yeltsin to cancel the reactor co
Mr. Yeltsin has resisted, mainly because the react
will help his country's sick economy. The Am
response to this is correct: money is unimportant
putting weapons of mass destruction in Iran's ha

Iran actually has a secret nuclear weapons programme, sanctions of the most drastic kind must be applied to try to prevent it from moving forward. The question is whether Iran is developing a bomb. Clear proof is lacking.

There is less dispute over Iran's support of terrorism. In contrast to its denials of nuclear weapons development, the regime has been outspoken in sanctioning the violence of several terrorist organisations. Tehran's support and comfort to the Hizbollah (Army of God) movement based in Lebanon has been the prime reason this group has thrived. Iranians have been directly implicated in bombings, assassinations and other violence in a score of countries, including Thailand.

One of Iran's worst actions is support for the killing of writer Salman Rushdie. The government and religious leaders have unanimously backed the fatwa against Mr. Rushdie. They have even provided a bounty of several million dollars to be paid to anyone who kills him. Such an action against a writer is unsupportable.

There has been only lukewarm response to the American move. Washington's tradition includes confrontational diplomacy. It has similar embargoes against Libya, Cuba and North Korea, and only last year ended 30 years of trade sanctions against communist Vietnam. But many other nations would rather leave all possible avenues open. The European Union, for example, decided against the embargo when it was announced by America. Instead, EU officials said they favour maintaining a "critical political dialogue" with Iran. Malaysia, one of the few nations with even stricter embargoes and sanctions than America, puckishly claimed Washington was harming free trade with the Iran sanctions.

As usual, this major US move and diplomatic pressure on other countries to follow suit has aroused controversy. Despite this issue, however, all nations must continue to insist to Tehran that it abandon terrorism. An end to the sanctions against Mr. Rushdie by Iran would be a welcome and high-profile move in Tehran's favour.

It is clear Mr. Clinton's sanctions are well-meaning. They aim at denying Iran the means to gain nuclear weapons, and punishing it for support of terrorism. Whether his actions will make a difference remains to be seen.

Officials View U.S.-Japan Trade Dispute

BK1205075195 Bangkok Radio Thailand Network in Thai 0000 GMT 12 May 95

[FBIS Translated Text] The industry minister has instructed his officials to closely follow trade retaliation between the United States and Japan to assess its impact on Thailand. Industry Minister Trairong Suwankhiri talked with reporters yesterday:

[Begin recording] [Trairong] Everyone waits to see what the retaliatory action — the sanctions — will be, to gauge what the impact on us might be. We do not know that at this time.

[Unidentified reporter] Will global trade be affected if the two countries resort to bilateral measures, instead of bringing the problem to international mediation such as the GATT or the World Trade Organization?

[Trairong] All countries will probably be concerned, because a clash between superpowers affects us. For example, the Uruguay round of the GATT dragged on for a long time as a result of conflict of interest or dispute between the United States and France. These two countries caused trouble for all smaller countries, which had to lobby for them to come to a settlement. We wanted the trade barriers to be removed, but this was not possible because they would not attend the meeting as a result of their dispute. It is certain that there will be negative effects on us if two major powers clash. [end recording]

Meanwhile, Deputy Commerce Minister Chaiyot Sasomsap said the Commerce Ministry has been studying impact of the trade retaliations between Japan and the United States.

[Begin Chaiyot recording] Tradewise, if the United States launches trade retaliation against Japan, this will mean that Japanese exports to the United States will find more obstacles. Broadly speaking, some countries will benefit from the fact that the United States needs products previously imported from Japan. For Thailand, we have products that are exported to Japan for re-export to the United States. I have instructed the departments concerned to report to me on what might be the negative impact of this situation. On the positive side, if the United States carries out trade retaliation and it still needs to import, it may import some from us. We will have to weigh the two situations. Give us a little time to clearly study this issue. [end recording]

Embassy Proposes Review of Burma Policy

BK1205110195 Bangkok SIAM POST in Thai 11 May 95 pp 1, 16

[FBIS Translated Text] The Thai Embassy in Burma has proposed that the Thai Government review the constructive engagement policy and abandon its effort to bring Burma into the outside world. It says that its patience has run out.

The violence along the Thai-Burmese border could produce a change in Thai-Burmese relations. A reliable source at the Thai Embassy in Rangoon, Union of Burma, said the embassy sent a message to the Foreign Ministry proposing that the Thai Government review its "constructive engagement" policy toward Burma.

The source told SIAM POST that he had been following the situation along the Thai-Burmese border. After the 13 April incursions into Thailand by the Democratic Karen Buddhist Army, the Thai Foreign Ministry presented an aide memoire to the Burmese Government through the Burmese ambassador, who was summoned to the ministry. The note notified Burma of the violation of Thai sovereignty and asked Burma to solve the problem. Yet the problem has continued persistently and has even erupted into a big issue. Meanwhile, the Burmese Government has never accepted responsibility.

The source said that Burmese violations of Thai sovereignty have not stopped. The Thai Embassy in Burma therefore sent a message to the Foreign Ministry proposing that the government review its constructive engagement policy.

"It is time to review our policy of constructive engagement toward Burma. We want Thailand to remain aloof and tone down its efforts to bring Burma into the outside world. Thailand has been very patient and has done everything to create understanding with Burma," the source said.

Thai Ambassador to Rangoon Poksak Nin-ubon reportedly returned to Thailand on 9 May to discuss the proposal to review the constructive engagement policy with senior officials of the Foreign Ministry and the government.

The constructive engagement policy was introduced to ASEAN by Thailand during the government of General Chatchai Chunhawan. The rationale was that the policy of isolating Burma would deprive us of a chance to influence Burma and would cause Burma to close the country to foreigners, as it did for a long period before. Thailand announced that it would try to guide Burma and serve as a window for Burma to see the outside world. It believed this would help Burma adjust to the democratic trend and solve the problem of human rights violations.

There have been different approaches to the policy among the ASEAN countries, however. Thailand said it would be a window for Burma to open up, but Singapore has concentrated on profiting from trade. For this reason, the policy has been attacked by Western countries and human rights activists. ASEAN has rejected the criticism, saying that Asia has its own way of solving regional problems.

Speaking to reporters, Pholadet Worachat, director of the Foreign Ministry's Press Division, said the ministry has protested to the Burmese Government over the violations of Thai sovereignty by the Karen Buddhists. Thailand asked Burma to control its citizens and stop them from committing such violations. The Thai message warned that Thailand would retaliate by force if there were more incursions into Thailand. Burma should realize that Thailand is entitled to take drastic action if its sovereignty is violated. "Burma cannot blame Thailand if any of its people are killed while intruding into Thailand," he said.

Chuan Comments on Burmese Accusations

BK1205064995 Bangkok BANGKOK POST in English 12 May 95 pp 1,3

[FBIS Transcribed Text] Thais should not be swayed by Burma's accusations that Thailand supports minority groups fighting Rangoon. The problems on the border are strictly Burma's internal affairs, Prime Minister Chuan Likphai said yesterday.

His statement came as a prominent academic joined a call by the House Foreign Affairs Committee for the Government to review the country's constructive engagement policy with Burma because it has failed.

Mr. Chuan said Thailand did not allow minority forces to use its territory as a springboard to attack Burmese troops. Nor did it tolerate incursions by government forces of other countries to arrest or kill their people taking refuge in Thailand.

Everyone should clearly understand the facts as they were not complicated, he said. They should not be swayed by Burma's attempts to distort the problems.

Burma's deputy military intelligence chief Colonel Kyaw Win early this week accused Thailand of cooperating with and supporting anti-Rangoon groups, a move which contributed to tension along the border.

He said problems involving drug warlord Khun Sa's Mong Tai Army and Gen. [General] Bo Mya's Karen National Union were Burma's internal affairs.

Thailand supports peaceful settlements between the Burmese government and minority groups through negotiations.

Mr. Chuan said his Government would not adjust its main policy on Burma in the wake of border clashes between Burmese troops and minority forces which have affected Thai border areas and local villagers.

Both South and North Cholla Provinces and Kwangju have been the power base of Kim Tae-chung, former opposition leader.

BOK Plans Indirect Monetary Control System

SK1205015295 Seoul THE KOREA HERALD in English 12 May 95 p 8

[FBIS Transcribed Text] Kim Myong-ho, governor of the Bank of Korea (BOK), stressed yesterday that the central bank is attempting to shift toward a completely indirect system of monetary control in which the reserve position of banks is controlled through market-oriented instruments.

"Until recently, the bank's rediscount policy was largely utilized in support of policy-based lending on an automatic basis, leading to an expansion in the supply of base-money," Kim made the remarks in a luncheon speech at the Government Roundtable organized by Britain Economist Group at a Seoul hotel.

To mop up the excess liquidity, Kim said that the central bank had no option but to issue below market interest rates a large volume of Monetary Stabilization Bonds (MSBs), which are special negotiable obligations of the bank, and to set reserve requirements at a high level.

However, in a move to improve the current style of monetary control, he went on saying that the central bank replaced its automatic rediscount facility with an aggregate credit ceiling system in March last year, and the overall ceiling will be progressively readjusted downward.

"At the same time, the competitive bidding method used in most advanced countries will be employed for a steadily increasing share of both its repurchase agreement (RP) transactions and its issue of MSGs" the governor said. He added that once the rediscount window lending be reduced to a normal level, the BOK will be able to cut minimum reserve requirements gradually.

Kim also emphasized the importance of the strengthening of the central bank's oversight function and prudential supervision. "The capital adequacy standards set by the Basel Accord will be applied to commercial banks in full from the end of this year."

The central bank is also in broad agreement with the risk management proposals of the Bank for International Settlements (BIS) to handle the increasing market and credit risks concerning the derivatives trading, according to Kim. "In addition, an early warning system, similar to CAMEL (capital adequacy asset quality, management ability, earnings quality and liquidity level) in the U.S. regulatory system, will be introduced to pick up on adverse symptoms at an early stage," Kim said.

To keep pace with the increasing volume of payments and to establish a well-functioning payments and settlements system, the Bank of Korea introduced a real time gross settlements system, known as BOK-Wire, last December, Kim said, adding that it intends to expand steadily the scope and functions of this new system, providing a sound financial infrastructure for Seoul as a well-developed and highly efficient financial market.

As the international linkages in the monetary policy environment deepen, Kim said that it is important to step up policy coordination with other central banks and the multilateral financial organizations. "The Bank of Korea, of course, stands ready to cooperate closely with them in solving any international financial incident that poses threat to the global order."

OECD Report on ROK Worker Status Criticized

SK1205014595 Seoul THE KOREA HERALD in English 12 May 95 p 3,4

[FBIS Transcribed Text] Workers' rights in South Korea are not inferior to those in advanced foreign countries, and are protected even better than the International Labor Organization's requirements in some areas, the Ministry of Labor Affairs said yesterday.

A government delegation will leave Seoul June 4 to attend the 82nd International Labor Organization (ILO) General Conference which is scheduled to be held in Geneva, Switzerland, June 6-9.

Labor Minister Yi Hyong-ku said that the country's labor situation has been misunderstood or distorted in the world community, creating a wrong perception against the nation.

For instance, the Trade Committee under the Organization for Economic Cooperation and Development (OECD) classified South Korea as an inferior nation in terms of workers' rights in a report on trade and labor standards last month.

But ministry officials contended that the OECD's report resulted from "narrow" views, distorting the real labor situation in South Korea.

They argued that the OECD report exaggerated only negative sides of the country's labor situation, ignoring other "bright sides."

The country has run the minimum wage system to produce low-paid workers since 1986, while advanced countries like Britain or Germany have repealed such a system, a ministry spokesman said.

Furthermore, paid leaves for vacation, child delivery or menstruation are conspicuous workers' welfare programs in South Korea, rarely found in other countries, he said.

He also said that overtime pay for extra work is now granted to workers in the country at rate of 150 percent of normal wages, 25 percentage points more than the ILO standards.

As for regular working hours, South Korea has maintained a 44-hour-per-week system, compared with the ILO's 48 hours, he said.

In case of trade union activities, the South Korean labor law protects the right of organization, collective bargaining and collective action better than some European countries' laws or the ILO Conventions, he said.

Most of European countries including France do not allow the union shop system, in which new employees are required to become unionists involuntarily, nor the collecting [of] trade union membership fees from salaries before payment.

But South Korea permits both the union shop system and the withholding collection of membership fees.

When it comes to the choice of a trade union as a bargaining partner, advanced countries including the United States give the selecting rights to the management.

In South Korea, however, employers are banned from rejecting collective bargaining with trade unions because the rejection is considered as unfair employment practices.

Another labor rights for unionized workers are contained in the Article 15 of the Dispute Adjustment Act.

It stipulates that employers are prohibited to hire new or alternative workers to suppress union activities during a workers' strike.

The Government has been accused by some quarters of not acting strongly against Burma's violation of the Thai border.

Chanwit Kasetsiri, rector of Thammasat University, who monitors Thai-Burmese relations, said the thinking behind the constructive engagement policy was mainly economic and not based on national security. It did not improve the security of Thais along the border.

"Thailand has taken advantage of this policy to exploit illegal workers from Burma and that country's natural resources. It's a policy of private enterprise, not a state," he said.

He said the policy, initiated by Thailand and supported by the Association of Southeast Asian Nations (ASEAN) six years ago, did not foster a peaceful Burma in the long run. The Thai Government's claims of non-interference in the internal affairs of Burma was just an "excuse" and had no weight since Thailand exploited cheap labour from its neighbour.

Chanwit suggested the Government play a mediating role in Burma, consider incidents along the border on a case-by-case basis at local level, and not allow them to affect overall relations between Thailand and Burma.

He said that while the policy did not bring any clear results in the short term, isolating Burma, an option supported by some Western countries, especially the United States, would be in vain.

But Mr. Chuan said: "We can't change the policy every day. Some incidents were too small and could not be cited as reasons for changes in the main policy."

He said border problems could recur in future as Thailand and Burma share a border about 2,400 kilometres long. People must be able to distinguish which problems were important and which were not.

Mr. Chuan said a recent meeting of the Joint Thai-Burmese Border Committee in Phitsanulok had also tried to clear up accusations that Thailand helped anti-Rangoon groups, but the results might not be satisfactory because Burmese officials had limited authority in discussing such an issue.

Mr. Chuan said it would be good for Thailand if Burma wanted to take back Karen refugees with Burmese nationality now exiled in Thailand. But the safety of the refugees must be guaranteed.

Local authorities of both countries should hold talks on whether repatriation was possible, he said.

He will hold discussions with the Defence Minister, Foreign Minister and National Security Council secretary general to find out whether the joint border committee has the power to negotiate on that issue.

The Foreign Ministry yesterday issued a press statement saying two more protest notes were issued to Burmese Ambassador U Tin Win by Deputy Permanent Secretary for Foreign Affairs Sarot Chawanavirat.

The ambassador was summoned to the ministry for the seventh time to discuss incidents along the border.

The statement referred to a previous aide memoire, dated April 28, saying that 100 armed men intruded on Karen refugee camps and also burned seven houses of Thais at Ban Khaemalaeko in Tha Song Yang district, Tak province. The incidents caused damage totalling 1.23 million baht.

Another protest note referred to an incident on May 2 at 6 a.m. in which a group of 15 armed military men crossed the Moei River from Burma and abducted three unidentified Karens taking refuge at Ban Khaemalaeko.

On May 3, at 12.15 a.m., a group of 10 intruders armed with machine guns raided a Thai security checkpoint at Mae Ngao Village, Tambon Mae Suat, Sop Moei district, Mae Hong Son. Three Thai policemen were shot dead.

Around 4 a.m. the same day, about 50 armed elements crossed the Salween River into Thailand and set fire to 50 deserted houses at Ban Mae Sam Laep, Sop Moei district, Mae Hong Son.

The statement said that in the absence of a positive response from Burma, and failing means of protection against "these inadmissible acts of violation of its sovereignty and territorial integrity, the Royal Thai Government is left with no choice but to fully exercise its right of self-defence and to repel these intruders as it deems appropriate and necessary".

The Burmese embassy was urged to transmit Thailand's views to the State Law and Order Restoration Council and to swiftly investigate the incidents.

Army spokesman Col. Phalangkun Klahan yesterday denied an allegation made by a senior Burmese military officer who claimed earlier this week that several Burmese villagers were killed and their houses destroyed while the army was conducting a military assault on Karen forces of the Democratic Karen Buddhist Army [DKBA] known to have a base in Burma.

The spokesman did not elaborate, however, but said the Burmese allegation did not correspond to what was happening.

He said the explanation given by the senior Burmese officer, Col. Kyaw Win, should be substantiated by evidence.

Col. Phalangkun said the 3rd Army had collected military information before it launched the attack on a military target, which the spokesman insisted was DKBA forces and not Burmese civilians, as claimed by Col. Kyaw Win.

The spokesman yesterday also declined to give any details to back up his earlier claim that Col. Kyaw Win's allegation was motivated by business interests along the border area.

King Explains Heart Problem, Treatment 13 Apr

*BK1105151695 Bangkok MATICHON in Thai
15 Apr 95 pp 1, 10*

[FBIS Translated Text] At 2000 on 14 April, the television pool service broadcast a videotape of the king exercising at the Dusidalai Pavilion inside the Chitlada Palace. He was accompanied by Princess Sirinthon and Princess Chulaphon. The tape was made on 13 April.

The king arrived at the Dusidalai Pavilion driving his own car. When he arrived, the Sahai Phatthana [Development Colleagues] band played the royal anthem. Before exercising, the king had his pulse and blood pressure checked by the royal physician according to general practice before and after exercising. The physician reported that his pressure was 150/70 and his heart rate was 76 beats per minute. The king then started walking to warm up, and then increased the speed of his walking. He walked seven laps inside the pavilion, covering a distance of 1 kilometer in about 11 minutes.

After exercising, the king's blood pressure and pulse were checked again. The physician reported his blood pressure was 170/60 and his heart rate was 92 beats per minute. The king then granted a special audience to Privy Councillor Chao Na Silawan concerning his health.

The king said he had not been able to do that much exercise in recent years before his hospitalization. He had walked a similar distance the day before. He noted that he did a good job. The king said he had a problem with his heart. He realized that the people must be worried and wondering what they did to his heart. Even he was scared. Heart treatment is serious. The king said the problem was caused by a clog in a vessel that feeds blood to his heart. That is why there was not enough blood to feed his heart when he exercised. When there was no blood for the heart, everything went wrong. He said he would not have survived if he walked like he did today, or even less than today. He said he felt pain in his arms.

The king drew a picture of his heart and arteries, showing how the blood is pumped into the heart and then flows to the various parts of the body. He pointed to an artery where blood cleansed by the lungs flows into the heart. There is a main artery that supplies blood from the heart to the brain, another artery bringing blood to the left side of the body, and two arteries bringing blood to the right side of the heart.

He was interrupted by his physician, who checked his blood pressure again. This time it read 170/70 and the pulse was 84 beats per minute. The king joked that the blood pressure did not come down because he was giving a lecture — he was using his head. He explained there is a need for blood to feed the brain when he is using his head.

Anyway, he said it was alright. He showed the arteries that bring blood to the right and left legs. He pointed at the clogged vessel and said only 10-15 percent of the blood was able to flow through the vessel to feed his heart. He said that amount of blood is sufficient if his body is at rest, but it is not enough when he is exercising. It caused a shortage in the blood supply to the left side of the heart. It caused him pain and could have caused a stroke. He said it was very painful for him.

"When I exercised, there was not enough blood supplied to the heart. About half an hour later, my body was cold. The doctors were frightened. Now my body is warm and I am sweating. At that time, I did sweat but my body was cold. My face was pale. That was how it happened, and the problem had to be treated. The doctors chose the balloon method — not a rubber balloon but something that enlarges and must be inserted into the heart. The doctors inserted it into an artery in my thigh. It is like inserting a wire into a blood vessel in the thigh until it reaches the area where the clot is. There were several steps taken. The doctors used the balloon to clear the clogged artery; to flatten the accumulated sand," he said.

The king had another check of his blood pressure — he is supposed to have a check every 10 minutes. The physician measured his blood pressure at 170/70 and the heart rate at 80 beats per minute. The king again quipped that it had not come down because he was constantly talking.

He continued his explanation, saying that doctors made several attempts to insert the balloon. They started with small ones, which were enlarged and then changed. The doctors worked hard. The procedure was repeated nine times. The king said it was very painful. He said: "A doctor asked if it was painful. I told him: How could you ask me that?" The king added that the doctors gave him more medicine. He said the doctors spent hours to get rid of the accumulated sand. He said he could see from the picture that the artery is nearly normal, with only a small amount of sand left. He said the blood flow from the artery is now 80 percent instead of 15 percent. The doctors were satisfied and wanted him to rest. He was told to remain still because the blood vessel that was treated might be sore, or it could have a hole that could cause a blood leak.

The wire did not get into the heart, but outside. People might misunderstand when they hear that doctors inserted balloons into his heart. The balloon did not pierce the heart but was outside, on the lining. The blood could then flow through these arteries. He said the treatment had been carried out in time. If it had been delayed, the heart muscle might have died from inadequate blood supply and the heart could not function normally in bringing the blood to the body. This is very dangerous. If it had not been treated in time, his illness might not have been completely cured. The doctors acted in time to save his life, he said, and there has been no damage to his heart.

After the treatment, the doctors wanted him to have his brain checked because they feared that during the operation to flatten the accumulated sand, the dust might have flowed into the brain, kidneys, or liver, which is dangerous because it could cause degeneration of the brain: After the x-ray, I was told that my brain was excellent. I was happy. Others were happy too and gave a loud cheer. Yesterday, I took what they call "an exercise test"; that is, a walk on hilly steps, starting with a slow walk followed by climbing a steep area. It was walking up and down like climbing hills, and I walked for about 12 minutes, like today. Yesterday, my pulse was 112 and my blood pressure was 180, which is close to today's. I did not feel any discomfort; I did not feel pain. I was happy that I had my daughters with me today. When I started the seventh lap, one of them said: Father has added one more. Well, we are doing fine; we are strong. Both father and daughter are doing fine.

"The other daughter is dressed in the uniform of development workers, with a Matmi blouse and trousers that allow her to walk freely. The uniform is also suitable for doing exercise. Somebody wanted her to change her clothes, but I thought it is very practical and there was no need for her to change." He teased Princess Chulaphon.

The king continued, saying the blood pressure should go down when he rests after exercise. It is not good if there is stress, because the brain is still working and the heart must also work hard. He said at first he was told it would take two, three, or four months. After the test yesterday, though, everyone was happy. It is normal for the blood pressure to go up after doing something, but it was not too high. Still, he has to be careful about working with his head. Anyway, it is hot today.

He noted: Thirteen years ago I had a high fever (microgasma) that drained my strength. Also, over the past three or four years, I have been under stress — especially over the past few months. I did not have a chance to exercise. This is serious — being under stress and lacking exercise. This made the problem worse. During the past month, I attended functions that lasted five or six hours. I had no exercise. I only exercised my brain, and this is why the problem grew worse. This is why the doctors told me to rest but not stop exercising. I must avoid all stress, but exercise like I did today. There has been a certain improvement, because in the past I could not walk like this. There is no workload now. The doctors' bulletins said I must rest, and I must respect what the bulletins say.

Anyway, nobody believed the bulletins. There were anonymous letters claiming not to understand what the bulletins said. That is why I have provided this explanation. What really happened should be clear now. This was my duty. The doctors gave me a lot of encouragement. After checking the muscles and the brain, they said there should be no worries — that my illness is over. They said I must look ahead, not just a few days ahead but 20 or 30 years ahead. They said I cannot work now — I must rest — but I can work later on. I have projects of 17 years, 20 years, and 25 years that I must pursue. Thailand will become a big and prosperous place where people can live in comfort.

When he fell ill, he was somewhat discouraged thinking he might become a weak person. Now he has been cured, though, and it is certain he will become strong again.

The king said there will be a number of functions to celebrate the 50th anniversary of his accession to the throne. He said he might have to designate others to represent him at those functions because too many functions could make it difficult for him to recuperate. He said he must take care of himself because his doctors made their best effort and used all kinds of modern technology to cure him. The king said he must pay back the doctors' dedication by taking good care of himself and eating proper foods so that the same problem does not recur. He said proper food is important. He recalled that there were "no smoking" signs on every door of the Amphon Palace radio station, and that was the reason he quit smoking. He stopped smoking eight years ago. This was a factor that facilitated his treatment by the doctors. The situation would have been worse if he had continued smoking. He also stopped drinking alcohol several years ago. He said light alcohol, such as wine, is still fine if he does not drink too much. He said his doctor told him that one drink can destroy about 4,000 brain cells. In that case, he reasoned, several drinks could make a person dull; someone who cannot think anymore. Drinking a limited amount, however, is good for the body.

"Now I am all right. The doctors are satisfied with their work. They nearly went crazy because of the very high responsibility given to them. If there was any mistake made, my entire body could have been deformed. Well, they did a good job. I really commend them. As for myself, I have the responsibility to keep my body sound. The doctors cannot cure me if I do not take care of my body. I must eat properly and exercise. I should have moderation in doing things. I have not been told to starve myself; I must get enough food, but not too much.

"If you want to know anything else, you can ask Khun Chao because he is a privy councillor and an engineer. The body is like an engineering structure. In general, doctors should not publicly discuss their patients' illnesses. In my case the people want to know, despite the statements issued by the doctors. I wanted to talk about my illness because I was the patient. Doctors must respect medical ethics, which prohibit them from talking about what they have done to others to help them survive. They have no right to tell others what they have done to their patients, not even the relatives of the patients. Well, there are fewer medical ethics — any kind of ethics — being observed these days. Yet medical ethics are still important and doctors should be fair to their patients. Anyway, all my doctors are good. They respect medical ethics. They made me feel at ease. I am happy to be here and to be able to explain my condition to the people," the king said.

Monetary Policy Urged To Cope With Inflation

BK1205065795 Bangkok BUSINESS DAY in English 12 May 95 p 4

[Editorial: "Bank of Thailand Must Tread Carefully In Inflation Battleground"]

[FBIS Transcribed Text] In the event that Thailand's inflation rate exceeds 5 percent this year, the Bank of Thailand [BOT] should adopt monetary policies to stimulate economic growth rather than to tighten credit and increase interest rates. Interest rates are already excessively high, and raising them further will do far more harm than good.

First quarter 1995 economic statistics were recently released, and so a close look at some of the data is necessary in order to have a factual perspective of present conditions and an objective look at what the immediate future may hold.

Once again, inflation takes center stage as the key issue of concern, not because first quarter data show an excessively high Consumer Price Index (CPI), but because there are ominous signals in the direction of higher prices in the near future.

The 4.8 percent inflation figure put out by the Department of Commerce is believed by major private-sector economic research firms to be off on the low side. A price survey conducted by one of the private firms came up a 5 percent inflation rate.

The BOT has long maintained that a 5 percent inflation rate is where the battle line on inflation will be drawn, and so if the private price survey is accurate, there is a real threat that the line of defense will be breached. In fact, the research firm which conducted the survey forecasts higher price levels.

What will the BOT do in the event the forecast comes true? Interest rates are already high in both relative and absolute terms. A further tightening of credit and higher interest rates would clearly be detrimental.

The best way to keep inflation at bay is through higher productivity. Nobel laureate Paul Samuelson said long ago that "inflation is a sure sign of growth", meaning that as far as economic growth outpaces inflation by a comfortable margin, real gain is achieved. From this vantage point there is no need to push the panic button of monetary policy should inflation top 5 percent:

The economy is expected to grow at about 8 percent this year or at about 3 percent on an inflation adjusted basis. And so if the CPI hits 5.5 percent, monetary and fiscal policies should be aimed at stimulating economic growth to at least the 8.5 percent level.

Of course, the notion that higher prices are tolerable as long as there is real growth doesn't apply to the extreme scenario of hyper-inflation. The 5 percent to 6 percent range coupled with a growth rate of 8 percent to 9 percent can hardly be considered extreme.

The BOT has the opportunity to be proactive in targeting certain industries for growth. There is no denying that the real estate industry has been hard hit by the tight money policies of the BOT, so there is considerable room for the monetary authorities to stimulate this industry without unleashing the forces of inflation.

Small and medium-size businesses which need credit are also strained. Many of the firms in this category are manufacturers for the export market. By helping these firms to obtain affordable credit, the BOT will achieve the double objectives of increasing productivity while curbing inflation.

Vietnam

Le Duc Anh Continues Visit to France

Tours Toulouse, Marseilles

BK1105124695 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 9 May 95

[FBIS Translated Text] According to a Voice of Vietnam correspondent's report from France, President Le Duc Anh left Paris on 9 May for a visit to Toulouse and the port city of Marseilles in the southern part of France.

Representatives of France's Toulouse-based Aerospace Industry Conglomerate welcomed President Le Duc Anh and his wife and briefed them on the operations of the Airbus conglomerate and production of Airbus aircraft, including the Airbus 320 now flying for Vietnam Airlines. President Le Duc Anh toured Airbus and APR aircraft assembly lines.

Afterward, President Le Duc Anh left Toulouse for a visit to the port city of Marseilles, France's second largest city. On this occasion, the Vietnamese president toured a French company that specializes in the production of civilian and military helicopters and inspected a helicopter made to order to support Vietnam's oil and gas operations.

A reception was held at city hall on the afternoon of 9 May by Marseilles Mayor (Blanche), local government officials, and representatives of Vietnamese residents in Marseilles to warmly welcome President Le Duc Anh. In his welcoming speech, the mayor of Marseilles pointed out the traditional support that the local government and people, including the Vietnamese community in Marseilles, has provided Vietnam. He also touched on the efforts of Marseilles to promote economic cooperation with Vietnam, especially with the capital of Hanoi.

In his reply speech, President Le Duc Anh expressed his pleasure to visit the port city of Marseilles where 84 years ago, on 6 July 1911, President Ho Chi Minh, then named Van Ba, arrived after leaving Vietnam to find a way for national salvation. President Le Duc Anh thanked the people of Marseilles in particular and France in general, for their warm support for the Vietnamese people's two antiforeign aggression struggles and for their continued efforts to broaden multifaceted cooperation with Vietnam. President Le Duc Anh stressed that Franco-Vietnamese relations were developing well. He reminded Vietnamese residents in Marseilles of the need to participate in France's national construction while at the same time making positive contributions to the implementation of the open-door policy and socioeconomic development program back home. President Le Duc Anh's speech was interrupted many times by the long applause from French and Vietnamese guests at city hall.

Tours Thomson Electronics

BK1105125295 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 10 May 95

[Report by Truong Cong Hoa]

[FBIS Translated Excerpt] Within the framework of his visit to France, President Le Duc Anh left Marseilles on the morning of 10 May for a tour of Thomson Electronics conglomerate, one of the leading electronics conglomerates in Europe and the world with established facilities in more than 40 foreign countries. The conglomerate supplies Vietnam with high-capacity television transmitters and aviation and communications equipment such as radar warning systems, flight navigation instruments, frequency control systems, and so forth. After a briefing on the conglomerate's operations, President Le Duc Anh inspected a number of products that Thomson plans to introduce to the Vietnamese market.

On the afternoon of 10 May, before leaving Marseilles for Paris, President Le Duc Anh toured the port of Marseilles. It was here that 84 years ago — on 6 July 1911 — Comrade Nguyen Ai Quoc, then named Van Ba, arrived from Vietnam to find a way to free the fatherland from the yoke of slavery.

Meets PCF, Senate Leaders

BK1205093595 Hanoi VNA in English 0705 GMT 12 May 95

[FBIS Transcribed Text] Hanoi VNA May 12 — President Le Duc Anh received in Paris yesterday Mr. Robert Hue, secretary general of the French Communist Party (PCF), and Mr. Francis Wurtz, Politburo member of the PCF.

On this occasion, Mr. Robert Hue exchanged views with President Le Duc Anh on measures to promote the friendship and cooperation between the two parties and peoples. Speaking to the PCF leader, President Le Duc Anh expressed his satisfaction at the fine consolidation and development of the relations between the two parties and peoples. He sincerely thanked the PCF and French people for their support and assistance to the Vietnamese people's former struggle for national independence and present national construction. He informed Mr. Robert Hue of Vietnam's foreign policy to make friends with all countries, and expressed his firm belief that the traditional friendship between the two parties and peoples would be further promoted and constantly developed.

The same day, a delegation of the France-Vietnam Friendship Association led by its President Charles Fourniaux paid a courtesy visit to President Le Duc Anh at the Vietnamese Embassy in Paris. Mr. Charles Fourniaux expressed his wish to further strengthen the association's role in promoting the friendship and cooperation between the two peoples. President Le Duc Anh, for his part, highly appreciated the association's practical deeds in support of Vietnamese people in their national reconstruction.

Later in the day, President of the Senate Rene Monory gave a banquet in honour of President Le Duc Anh and his entourage. The senator expressed his wish to continue assisting and supporting Vietnam.

Russian Parliamentarians Conclude 6-Day Visit

BK1105131795 Hanoi Voice of Vietnam in English
1000 GMT 11 May 95

[FBIS Transcribed Text] A group of parliamentarians of the Russian Federation's duma on Wednesday [10 May] concluded a six-day working visit to Vietnam. The visiting Russians met with senior officials of several commissions of the National Assembly and exchanged views on cooperative possibilities in science and technology.

Vo Van Kiet Visits Mekong Delta Area

BK1105142795 Hanoi VNA in English
1306 GMT 11 May 95

[FBIS Transcribed Text] Hanoi VNA May 11 — Prime Minister Vo Van Kiet has paid a two-day working visit to the Mekong River delta province of Kien Giang and Soc Trang.

In Kien Giang on May 9, the prime minister heard reports on the province's socio-economic development in 1994 and the first four months of 1995, and its development orientation and objectives for 1995 and the following years.

Mr. Kiet noted that as a province the Mekong River delta of great potential, Kien Giang should strive to achieve its GDP equal to the average of other provinces in the country by 2000 or before 2000. 'To achieve the 1995 targets, the province must make the most use of its potential of agriculture, fisheries and construction materials, and at the same time push up the cultural and educational development with a view to improving the local people's cultural standard,' he stressed.

Earlier, on May 8 Mr. Kiet attended a conference to review a safe water and environmental sanitary programme held in Soc Trang.

Taking the floor, he expressed his satisfaction at the results the province has gained since early 1995, and affirmed that the safe water and environmental sanitary programme may be regarded as a revolution on the local people's culture and health, particularly those in the Mekong River delta.

Do Muoi, Leaders Discuss Socioeconomic Issues

BK1105131695 Hanoi Voice of Vietnam in English
1000 GMT 11 May 95

[FBIS Transcribed Text] Vietnamese party leader Do Muoi has held a working session with the Hanoi People's Committee on important socioeconomic issues. The meeting reviewed the implementation of the renovation policy of the Seventh Party National Congress and worked out the city's socioeconomic strategy until the year 2000. It also prepared a report for the Eighth Party Congress.

During the working session, the party leader reminded Hanoi to pay more concern to renovation and development of state-owned businesses, strictly control the market, attract and make use of high technology, create jobs, and increase the GDP.

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